

# Building Indigenous community governance in Australia: Preliminary research findings

J. Hunt & D.E. Smith

WORKING PAPER No. 31/2006

ISSN 1442-3871

ISBN 0 7315 4930 9



CENTRE  
FOR ABORIGINAL ECONOMIC  
POLICY RESEARCH

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Enquiries may be directed to:

The Centre for Aboriginal Economic Policy Research  
Hanna Neumann Building #21  
The Australian National University  
Canberra ACT 0200  
  
Telephone 02-6125 8211  
Facsimile 02-6125 9730

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Professor Jon Altman  
Director, CAEPR  
The Australian National University  
May 2006

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## FOREWORD

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In 2005 the Indigenous Community Governance Project (ICGP) made significant progress in meeting its aims, which are to investigate the processes, structures institutions, leadership, powers, capabilities, and cultural foundations of Indigenous community governance across rural, remote, and urban settings. The Project is applied, and seeks to understand the effectiveness of different forms of governance and their consequences for Indigenous policy, service delivery, self-determination, and socioeconomic development.

During 2005, Project researchers explored the realities of community governance in many different settings, working in collaboration with a variety of Indigenous community organisations, their leaders and members. Much of this research report presents a comparative analysis of the team's preliminary research findings.

Project researchers have shared these early findings throughout the year with the community organisations with whom they are working. Policy and service implications have been discussed through workshops with the government partners (Western Australian, Northern Territory and Australian governments), held in Perth and Darwin on 18 October and 5 December respectively. The workshops provided timely input to the development of a Western Australian State government strategy on Indigenous governance, and the Project findings provided useful feedback to the Northern Territory government as it implements a policy of regionalising local government.

Project researchers have been able to commence in-depth field research into the diverse dimensions and conditions of Indigenous governance. They have also been able to witness how new Australian government policy arrangements set in motion in 2004 are being implemented, as well as State and Territory-based policy implementation, and to see first hand some of the impacts (both negative and positive) these are having on Indigenous communities and their governance. The research is clearly revealing that internal 'governance capacity' is as much a matter for governments to address, as it is for Indigenous communities, if real progress is to be made.

The Project research is being carried out at a time of rapid changes in national Indigenous affairs policy, and there is considerable pressure from all quarters for practical solutions and tools in areas of governance. This report presents emerging insights from preliminary research; there is still much to learn and preconceived ideas may need to be questioned. Our fieldwork program will continue in 2006 and we hope to refine our understandings and test the emerging views set out in this research report about how to strengthen Indigenous community governance. In doing so, this Project aims to contribute to the development of enabling policy and the provision of practical support for Indigenous community governance by all stakeholders.

Professor Jon Altman  
Chief Investigator, ICGP  
Director, CAEPR, ANU

Professor Mick Dodson  
Chief Investigator, ICGP  
Board Member, RA  
Director, NCIS, ANU

## ABBREVIATIONS

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ABS	Australian Bureau of Statistics
ACA Act	Aboriginal Councils and Associations Act 1976 (Cwlth)
AIATSIS	Australian Institute of Aboriginal and Torres Strait Islander Studies
ANU	The Australian National University
ARC	Australian Research Council
ATSIC	Aboriginal and Torres Strait Islander Commission
BAC	Bawinanga Aboriginal Corporation
CAEPR	Centre for Aboriginal Economic Policy Research
CDEP	Community Development Employment Program
CDU	Charles Darwin University
CEO	Chief Executive Officer
COAG	Council of Australian Governments
DEWR	Department of Employment and Workplace Relations (Australian Government)
DIA	Department of Indigenous Affairs (Western Australia)
DIMIA	Department of Immigration, Multicultural and Indigenous Affairs
DKCRC	Desert Knowledge Cooperative Research Centre
DLGHS	Department of Local Government, Housing and Sport (Northern Territory)
IBA	Indigenous Business Australia
ICC	Indigenous Coordination Centre (Australian Govt)
ICGP	Indigenous Community Governance Project
IOG	Institute on Governance (Canada)
MWT(P)	Mutitjulu Working Together (Project)
NARU	North Australia Research Unit (ANU)
NGO	non-government organisation
OECD	Organisation for Economic Co-operation and Development
OIPC	Office of Indigenous Policy Coordination (Australian Govt)
ORAC	Office of the Registrar of Aboriginal Corporations (Australian Govt)
RA	Reconciliation Australia
RPA	Regional Partnership Agreement
SAIKS	School of Aboriginal Indigenous Knowledge Systems (CDU)
SRA	Shared Responsibility Agreement
SSGM	State, Society and Governance in Melanesia Project (ANU)
TSRA	Torres Strait Regional Authority
UNDP	United Nations Development Program
UWA	University of Western Australia

## ABSTRACT

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This is a preliminary research report from the first year of fieldwork conducted by the Indigenous Community Governance Project (ICGP). The Project is exploring the nature of Indigenous community governance in diverse contexts and locations across Australia through a series of diverse case studies—to understand what works, what doesn't work, and why. A comparative analysis of the Project's case studies is revealing that governance and decision-making in Indigenous community governance is shaped by multiple historical, cultural and political relationships. Family and governance histories associated with particular communities and sets of regionally-linked communities are central features in community governance dynamics and arrangements. Strengthening Indigenous community governance requires negotiating appropriate contemporary relationships among the different Indigenous people within a region or community, and adapting or creating structures and processes to reflect important relationships. Several dimensions are being identified as being fundamental to building stronger, sustainable governance at the community and regional levels. These are the impact of the wider 'governance environment', cultural match and cultural geography, modes of leadership and representation, institutional capacity, organisational design and relationships, representation, decision-making processes, and human resource issues. Capacity development for governance needs to be considered within a systems framework and should be a process that actively strengthens Indigenous decision-making and control over their core institutions, goals and identity, and that enhances cultural match and legitimacy. The report concludes with some emerging issues and implications for policy makers and for Indigenous organisations and their leaders.

Janet Hunt is Fellow and Senior Research Manager and Diane Smith is Fellow and a Chief Investigator with the Indigenous Community Governance Project at the Centre for Aboriginal Economic Policy Research, The Australian National University.

## ACKNOWLEDGMENTS

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The Project has brought together a multi-disciplinary team of researchers largely from CAEPR, as well as individuals from the National Centre for Indigenous Studies at ANU, and from each of the collaborating institutions: Charles Darwin University, the Centre for Anthropological Research at the University of Western Australia, and the Centre for Indigenous Governance and Development at Massey University, New Zealand. This research report has been written with contributions from Dr Will Sanders (Chief Investigator, ICGP) and Ms Stephanie Garling (ICGP Research Assistant). The report draws heavily on the detailed community case studies, as well governance analyses and policy case studies that form part of the Project's wide research scope. The following researchers have contributed significantly to this volume: Professor Jon Altman, Dr Manuhua Barcham, Mr Bill Gray, Dr Sarah Holcombe, Mr Bill Ivory, Ms Christina Lange, Ms Frances Morphy, Dr Ben Smith, Dr Patrick Sullivan, Dr John Taylor, and Ms Kathryn Thorburn.

In the interests of maintaining a robust standard of research and independent analysis, the report has been independently peer reviewed by three scholars external to the Project: Dr Meredith Edwards, Emeritus Professor, Corporate Governance, University of Canberra; Dr Peter Larmour, Reader, Policy and Governance Program, Asia Pacific School of Economics and Government, Australian National University (ANU); and Dr David Martin, independent consultant, and Research Fellow (part-time), Centre for Aboriginal Economic Policy Research (CAEPR), ANU. The report has also been reviewed by CAEPR Fellow, Dr John Taylor. We thank these readers for their detailed feedback and suggestions for ongoing research. We have welcomed valuable comments on the draft version from members of the ICGP's International Advisory Committee. Staff from Reconciliation Australia (RA) and from CAEPR also made comments on various stages of the draft of this report and we thank them all for their insights.

We would like to acknowledge the grant support of the Australian Research Council (ARC) and the valuable collaboration of our ARC Linkage Partner, RA and particularly their Board, our Partner Investigator Jason Glanville, and the Governance Program team. Through RA we also appreciate the financial support and engagement of the Northern Territory, Western Australian and Australian governments who are all undertaking major policy and program changes in their jurisdictions. Part of the Project's research in Central Australia has also been financially supported by the Desert Knowledge Cooperative Research Centre.

We would particularly like to thank the collaborating Indigenous communities, leaders and organisations who have welcomed us to work with them. These research partnerships are crucial to the Project and involve considerable time and engagement on the part of community organisations and leaders. We greatly appreciate this ongoing commitment.

Our thanks also go to the members of the Project's International Advisory Committee which met twice in 2005, and provided thoughtful input to the research approach and focus, and discussion of issues currently affecting Indigenous governance in Australia and elsewhere.

Finally we extend our thanks to Hilary Bek, Stephanie Garling and John Hughes of CAEPR, who prepared this Working Paper for publication.

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## EXECUTIVE SUMMARY

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This is a preliminary research report from the Indigenous Community Governance Project (ICGP), an Australian Research Council Linkage Project between the Centre for Aboriginal Economic Policy Research (CAEPR) at The Australian National University, and Reconciliation Australia (RA). The Project is exploring the nature of Indigenous community governance in diverse contexts and locations across Australia through a series of case studies—to understand what works, what doesn't work, and why.

The year 2005 is the first year in which extensive fieldwork began, and this report is the first synthesis of emerging findings. The Project has two more years to run, so we stress the preliminary nature of our analysis and conclusions.

A comparative analysis of the Project's case studies is revealing that governance and decision-making in Indigenous community governance is shaped by multiple historical, cultural and political relationships. The research shows that the family and governance histories associated with particular communities and sets of regionally-linked communities are central features in community governance dynamics and arrangements. Strengthening Indigenous community governance depends first on negotiating appropriate contemporary relationships among the different Indigenous people within a region or community, and adapting or creating structures and processes to reflect important relationships.

Every case study has highlighted that the process of governance-building has to be based on local realities; it has to define culturally-relevant boundaries and governance relationships which *resonate* with traditional jurisdictions, laws, customs, relationships and specific histories. It must establish practically capable processes and locally customised institutions as the basis for governance among the diversity of Indigenous people in any region.

The emphasis must be on starting with relationships from which governance structures emerge, not the other way round. Legislative, policy and funding frameworks need to allow for quite diverse structures and governance arrangements which take account of the complexities.

Several dimensions are being identified as being fundamental to building stronger, sustainable governance at the community and regional levels. These dimensions appear to be common across all case studies. These are the impact of the wider governance environment, cultural match and cultural geography, modes of leadership and representation, institutional capacity, organisational design and relationships, representation, decision-making processes, and human resource issues. These dimensions of governance appear to be causally correlated to socioeconomic and community development outcomes.

### CULTURAL MATCH

The comparative analysis suggests that the idea of 'culture match' (meaning the development of institutions which reflect contemporary Indigenous perceptions of how authority should be exercised) is seen to be relevant by a number of Indigenous communities and organisations, who are actively working to ensure that their contemporary governance arrangements reinforce their preferred values, norms and worldviews. Their efforts to achieve an appropriate culture match seem to be central to the legitimacy of their organisation. Indigenous traditional principles of 'subsidiarity' and 'relational autonomy' amongst groups inform the design of contemporary governance and culture match. Subsidiarity is a political principle suggesting that issues should be handled by the

most competent and appropriate authority available. This principle is shaped by the core value placed by people on achieving a balance between the desire for local autonomy on the one hand, and social relatedness on the other.

There are complex conditions of 'culture match' in Australia. In many circumstances, culture match for Indigenous governance arrangements is very much about reaffirming and redefining collective identities. Where this process of rethinking collective histories has been facilitated amongst Indigenous communities, it appears to have contributed significantly to more enduring governance outcomes.

Culture match is not sufficient by itself, however. Legitimate governance also has to get things done, respond to changes, and review arrangements. The effectiveness and legitimacy of community governance arrangements appears to be positively advanced as a result of building institutional capacity. In particular, customising the institutional tools of corporate governance (e.g. codes, rules, constitutions, policies), establishing internal mediation and dispute-resolution procedures, creating agreed policies and so on, assists in achieving workable forms of culture match and provides a strong foundation for sustained good governance.

The institutions and representative structures of governance should not be too quickly concretised or juridified by formal legal, constitutional and technical mechanisms; early experiments need time to be refined and evolve.

## DIMENSIONS OF GOVERNANCE

Project case studies are highlighting several dimensions of Indigenous community governance that appear to be particularly important in terms of legitimacy, effectiveness, and sustainability. These include cultural geographies, institutional capacity, organisational design and relationships, representation, leadership and decision-making processes, and human resource issues, including the role of non-Indigenous managers. Issues of leadership, a strong internal culture of values and institutions within organisations, conflict resolution processes, and a raft of customised policies and procedures for organisations are all important to successful governance.

The Project is reporting governance initiatives across a continuum of localised and regionalised scales of population and land ownership. We are seeing some problems of scale emerging, as small organisations struggle to develop and sustain their service capacity, administrative systems, continuity of professional staffing, and to deliver tangible outcomes for their members. Some regional models are being designed aiming at a balance of autonomy, subsidiarity and scale, leading to federated and dispersed forms of organisational governance.

Governments need to recognise the importance of the cultural geographies of governance that lend legitimacy to different aggregations and scales for different purposes. Issues of subsidiarity, representation and relational autonomy associated with these cultural geographies could usefully inform more enabling government policy implementation.

## GOVERNANCE AND SOCIOECONOMIC DEVELOPMENT

Our preliminary research points to governance capacity as being a fundamental factor in generating *sustained* economic development and social outcomes. Economic development appears to be best achieved where effective Indigenous *and* non-Indigenous governance coexist. In some locations Indigenous aspirations for economic development may differ from the mainstream and Indigenous interests in developing the customary economy may not be acknowledged or supported by governments.

From the comparative analysis of the case studies, it seems that important factors in the link between governance and socioeconomic development outcomes include strong visionary leadership; strong culturally-based institutions of governance, sound, stable management, strategic networking into the wider regional and national economy; having prerequisite social infrastructure substantially in place; and relevant training and mentoring opportunities.

Indigenous communities need to clarify their own aspirations for economic development, and systematically assess the various sorts of capital (human, cultural, financial, institutional etc.) they have in their own communities, and how these could be creatively combined to generate stronger governance and economic development. Actively networking with public and private-sector partners and research institutions to identify possible products, services and markets appears to greatly assist informing economic development opportunities in particular locations.

## THE GOVERNANCE ENVIRONMENT

The governance of Indigenous communities and their organisations operates within a complex wider environment that stretches across community, regional, State, Territory and Federal layers. We have developed the concept of the 'governance environment' to refer to this aggregate of surrounding systems, structures, forms of capital, players, conditions, resources, networks, and webs of relationships.

The community and regional layers of the governance environment comprise dynamic and complex systems of representation and leadership, overlapping constituencies and complex systems of mandate and authority. The same complexity applies to the government component of the governance environment.

The role of government within the governance environment is being identified as a critical factor for the outcomes of community governance. Governments need to better coordinate internally, reduce the number of separate departmental and program-specific consultations with Indigenous communities, and rationalise government funding mechanisms to give more broad-based, longer-term funding linked to broad community development goals. In particular the coherence of multiple departmental programs' objectives, and funding in relation to the overall objectives of Indigenous communities in different locations, needs attention.

Current major changes in government policy and program funding need urgent monitoring and evaluation on the ground. Public reporting on the impacts (both intended and unintended) of new arrangements is important.

## GOVERNANCE CAPACITY DEVELOPMENT

Inadequate capacity exists across at least four layers or dimensions of governance, and across both Indigenous and non-Indigenous 'worlds' of governance. These are: the individual, the entity, the inter-relationship between entities, and the surrounding legal, policy, institutional and socioeconomic environment. The 'governance culture' of each 'world', and the nature of their everyday interaction, is extremely influential on organisational capacity. These dimensions of capacity development need to be considered within a systems framework; that is, they need to be analysed and addressed as part of an interconnected *system*, rather than in isolation.

A number of constraints are being identified in the wider environment, and specific problems in the nature and quality of governance capacity development training programs. Capacity development should be a process that actively strengthens Indigenous decision-making and control over their core institutions, goals and identity, and that enhances cultural match and legitimacy. Governance capacity development within organisations appears to work best when it is place-based, work oriented, based on self-assessed governance priorities, relevant and

meaningful in terms of local community realities, and sustained and reinforced over a longer-term. There is a central role for Indigenous leaders to promote governance capacity development and institution-building, and to develop youth leadership and succession planning.

Developing strategies such as formal networks, dispersed representation and responsibility, and 'families' of organisations can facilitate sharing of resources and capacities.

## EFFECTIVENESS AND EVALUATION

The case studies indicate that aspects of the interconnected Indigenous and non-Indigenous worlds strongly influence the governance capacity and effectiveness of organisations. Both governments and Indigenous people want community organisations to deliver reasonable levels of services, and provide good financial management and accountability.

The key areas of difference relate to the Indigenous processes and relationships by which organisations operate, and governments' emphasis on risk avoidance, micro-management, and compliance reporting. The multiple and frequent reports required by government funders can stifle community organisations, diverting precious, limited resources and staff time away from governance processes which strengthen organisational capacity and foster responsive accountability to their communities.

Indigenous people want their organisations to provide clear, culturally-informed and regular communication with the community members they serve. People want to be consulted, to know what their organisation is doing, know what decisions are being made and why, and have confidence in the way the organisation operates.

Our analysis of self-selected organisations who submitted applications to the *National Indigenous Governance Awards* reveals a number of elements which seem to be of critical importance for good organisational governance.

The importance of ongoing systematic internal monitoring, as well as independent external evaluation of the effectiveness of new inter-governmental governance arrangements also needs to be recognised and implemented. Evaluation of pilot models should focus on the wide range of government and other partners, the delivery process itself, the partnerships and relationships, the development outcomes, and the community-level component.

## CONCLUSIONS AND IMPLICATIONS

The report finishes by drawing out key conclusions related to each dimension of governance, and identifies some emerging issues and implications for governments and policy makers, as well as for Indigenous communities and leaders.

On the basis of the comparative analysis of field research conducted over 2005, the ICGP has identified several areas where more targeted research will be undertaken in 2006. These include:

- the impact of government policy changes, program funding arrangements and partnerships, on the ground in communities and regions
- the processes by which organisations are maintaining and customising their institutions of governance
- the gender, age, and social dimensions of leadership
- the relative effectiveness of different types of organisational structures and processes in addressing representation, scale and accountability issues
- unpacking further the connections between governance effectiveness and economic development outcomes
- the processes that appear to work in community development approaches to building governance
- processes for evaluating the effectiveness and success of governance on the ground, and
- ongoing analysis of the self-reported elements of success from the *National Indigenous Governance Awards*.

## 1. INTRODUCTION

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### 1.1 THE REPORT

The Indigenous Community Governance Project (ICGP) is an Australian Research Council Linkage Project between the Centre for Aboriginal Economic Policy Research (CAEPR) at The Australian National University (ANU), and Reconciliation Australia (RA). The Project is exploring the nature of Indigenous community governance in diverse contexts and locations across Australia through a series of case studies. The Project commenced in late 2003 with the aim of continuing over several years. The first year was largely spent identifying and negotiating the collaborative participation of Aboriginal communities and their leaders, gaining institutional ethics clearance for the research case studies, and setting the management arrangements in place (see ICGP 2005a). Full details of the Project's activities and outputs for 2005 are reported separately in the ICGP 2005 *Annual Report* to RA (ICGP 2006).

This Working Paper is in the form of a report to the various ICGP partners, who recommended that it be made more widely available to interested parties. The year 2005 was the first year in which extensive fieldwork began in earnest and this report is the first synthesis of the emerging research findings. It primarily sets out the broad findings of a comparative analysis of the research from 11 Indigenous community case studies.<sup>1</sup> In doing so, the report refers to field-based evidence from those case studies to provide concrete examples in support of the broader comparative conclusions. The Project has already published a number of discussion papers and occasional papers where the more detailed information on which much of this report is based can be found. A number of these, and other CAEPR publications, also canvass previous relevant research on Indigenous Australian governance (e.g. Dodson & Smith 2003; Keen 1989; Martin & Finlayson 1996; Sanders 2004), so this will not be discussed here.

This report draws significantly on the Project's case-study evidence presented in:

1. unpublished detailed Field Reports on governance questions set out in the Project's common Field Research Manual, which are confidential
2. researchers' detailed research papers on the individual communities and organisations with whom they are working, available on the Project website as ICGP Occasional Papers
3. other Project research papers published in the CAEPR Discussion Paper and Working Paper series, available on the Project website
4. published journal articles by Project researchers arising from their research
5. short reports published in the Project's *Community Governance* Newsletter, and
6. an analysis of applications to the *National Indigenous Governance Awards*.<sup>2</sup>

This report sets out the conclusions arising out of a comparative analysis of all the above research data. We stress that the analysis and implications set out here are preliminary. The proposed long-term nature of the Project will allow time to test and deepen our insights, and draw out policy and practical implications considerably more in the future.



## 1.2 RESEARCH AIMS

The Project aims to investigate Indigenous community governance arrangements—its processes, structures, institutions, leadership, powers and capacities, and cultural foundations—across rural, remote and urban settings. It aims to elucidate:

1. the diverse conditions and models of contemporary Indigenous governance in different community settings, with a focus on key governing bodies in each community, and the underlying cultural systems within which governance is embedded
2. the nature of the broader governance environment (at regional, state and national levels) and its impacts on community governance
3. the effectiveness of Indigenous governance arrangements in terms of meeting community and external objectives and expectations, and implications of the different rationales underlying such assessments
4. whether the heterogeneous forms of governance in Indigenous communities have any ramifications for community self-determination and sustainable economic development, and
5. in doing so, to identify broadly relevant insights, practices and enduring design principles for improving community governance performance; including options for building sustainable arrangements that address inter-cultural matters of power, autonomy, scale, representation, and accountability.

Important cultural differences have been documented within Indigenous Australian societies. Undertaking multiple case studies over several years should provide in-depth description and analyses of these differences and their significance for governance arrangements. However, a key hypothesis of the Project is that there are also important commonalities (structural, political, cultural, institutional and economic) shared by Indigenous Australian societies. A related hypothesis is that there might, therefore, be common underlying principles and conditions at work in building more effective governance, and that these could be broadly relevant to all Indigenous governing bodies—no matter where they are located.

These are ambitious research and applied objectives which have required the development of an experimental methodological approach.

## 1.3 THE METHODOLOGY

Researching governance is challenging because of its complex political and institutional nature, the multiple perspectives and entities involved, and its different cross-cultural forms and meanings. There are some excellent individual ethnographic accounts of aspects of Indigenous Australian governance (e.g., Myers 1986; Sullivan 1987; Williams 1987; Wolfe 1989; see also Dodson & Smith 2003 and Keen 1989 for further references). But there is a paucity of comparative case-study research on the subject (Nettheim, Mayers & Craig 2002). In this context, the Project has developed an overarching methodological framework to provide common guidance to the research team, and enable us to draw out transferable insights.

A detailed account of the Project methodology is set out in Smith, D. (2005f). In summary, the methodological framework combines:

1. detailed ethnographic case studies at the community level which encompass the underlying cultural systems of governance, organisational governance, socioeconomic, legal and population profiles, community governance histories, governance performance, leadership life histories, language concepts, etc.

2. case studies of the wider government policy contexts and the 'governance environments' at regional, state and national levels
3. comparative analysis of key governance issues and questions across all the case studies, based on guidance set out in a shared Field Research Manual, and
4. analysis of annual applications submitted by Indigenous organisations to the *National Indigenous Governance Awards*.

To carry out this research, a toolbox of techniques has been drawn together from the multi-disciplinary expertise of the Project team and community research collaborators, in order to span what Rowse (2001: 111) has called an 'unfortunate discipline-based division of labour in studies of Indigenous Australians' political activism'. Project research expertise includes areas of Indigenous culture and history, anthropology, political science, demography, policy and legal studies, and community and capacity development.

We fully anticipate that this methodology will be reviewed and refined as the research progresses over the next few years. Our expectation of the overall approach is that it will enable us to test hypotheses, refine insights as they emerge, identify common factors and conditions at work, and generate broader principles to inform initiatives and policies for Indigenous governance-building.

#### 1.4 GOVERNANCE—THE CONCEPT

The search for a clearly articulated concept of 'Indigenous governance' has only recently begun in Australia. The term has rapidly transferred into government, bureaucratic and Indigenous agendas, but there is a lack of critical analysis and hard evidence, and confusion over its actual meaning. There are few field-based case studies that have specifically focused on the cultural underpinnings of contemporary Indigenous governance.<sup>3</sup> The ICGP aims to investigate the concept under Australian conditions and from a number of different perspectives.

The term 'governance' has been in common use in the world of international aid, banking, and third-world development for some time. In that context it is often seen as synonymous with western democratic, neo-liberal economic ideas of what constitutes 'good' governance by states. It is distinguished as an approach to development by a focus on the way power is exercised in the management of a particular country, region, system or organisation (World Bank 1994). For example, a health system may be improved, not simply by better training of health workers, but by ensuring that the relationships between the various elements of a national health system (e.g. hospital, clinics, ancillary services, private providers) are functioning as efficiently and effectively as possible to promote a community's health, and that the policies and incentives in the system support the most cost-effective health interventions with limited resources.

There are numerous definitions and approaches to governance used by groups with very different ideological persuasions, for different and often contradictory ends.<sup>4</sup> It can be used as an analytic concept, a theoretical proposition, or a normative concept, to refer to a specific policy, a process, to structures, organisations, or a political environment. But these different meanings and usages do have important commonalities. In each, there is:

- consideration of critical institutional spheres (e.g. the state, market, hierarchy and community) as being interconnected, rather than neatly separated and spatialised
- a focus on a wider field of players and relationship, not simply on 'government'
- the idea of some form of cooperation and coordination as fundamental to effectiveness
- attention given to concrete systems of action, decision making and accountability

- the foregrounding of power, control and choice
- the idea that governance effectiveness can be evaluated against benchmarks and principles, and
- a growing recognition that governance, and evaluations of its effectiveness, are the products of culturally-based systems.

'Governance' thus focuses our attention outside the more formal realm of 'government', to the interaction between self-organising agents and networks at many different levels, and to the relative power and relationships between them, and with governments. This emphasis on relationships is also evident in the Organisation for Economic Co-operation and Development (OECD) definition<sup>5</sup> of the more specific concept of 'corporate governance', which draws attention to relationships among a broad group of stakeholders (Edwards & Clough 2005).

Importantly, the concept of governance is not culture-neutral. Assessments of what constitutes 'good/bad', 'strong/weak', or 'legitimate/ineffective' governance are informed by culturally-based values and epistemologies. The Canadian Institute of Governance (IOG) argues that 'There is plenty of room for different traditions and values to be accommodated in the definition of good governance' (IOG website). If 'good governance is about both achieving desired results and achieving them in the right way', then the 'right way' is largely shaped by the cultural norms and values of the organisation or society (IOG website).

But for Indigenous groups, the effectiveness or legitimacy of their governance is also a matter of power and jurisdictional control. It is subject to external conditions imposed by the wider societies in which they live. The conditions for weak or good governance can therefore be perpetuated both from within and without. The Project has developed the concept of the '*governance environment*' to assist in capturing the nature and influence of this wider environment.

A growing body of international research also suggests that simply recognising and accommodating the culturally-based parameters of governance should not be taken as a bland acceptance of cultural relativism. There may well be broad principles for building 'good' governance that apply across cultural boundaries (see Cornell et al. 2000; Cornell & Begay 2003; Dodson & Smith 2003; IOG website; State, Society and Governance in Melanesia Project (SSGM) website; Sterritt 2002; United Nations Development Program (UNDP) website). Furthermore, when Indigenous governance is situated within its wider political and statutory context, the question of whose values and norms take precedence in determining the 'right way' to govern becomes subject to contestation.

If it is given some research rigour, the concept of governance could provide us with a valuable organising perspective, a frame of reference for bringing together related issues into a more cohesive, insightful analysis (see Judge, Stoker & Wolman 1995; Stoker 1998). The Project has developed a preliminary operational definition of governance that links its internal dimensions to its wider political, cultural and socioeconomic environment.

'Governance' is taken to mean the evolving processes, relationships, institutions and structures by which a group of people, community or society organise themselves collectively to negotiate their rights and interests, get things done, and make decisions about:

- how they are constituted as a group (who are members and who are not)
- who has authority within the group, and about what
- their agreed rules to ensure authority is exercised properly and their decision-makers are held accountable
- how they enforce the decisions they make, and
- what arrangements will best enable them to achieve their goals.

In other words, governance is as much about people, relationships and processes, as it is about formal structures and corporate technicalities. It is notable that an increasing number of studies of governance and capacity development emphasise these so-called 'soft' or informal factors of relationships, behaviours and 'culture', for effective performance (a number are detailed by Edwards & Clough 2005; Hunt 2005a).

We situate the Project definition of governance within a framework of political economy and inter-cultural systems. Fundamentally, governance is about power, jurisdiction, control and choice, and the relative extent and nature of these. It is about who has influence, who makes decisions, who controls resources, and how leaders are held accountable (Plumptre & Graham 1999; Cornell 1993). The Project field researchers are investigating these dimensions and conditions of governance at work in Indigenous communities and the wider governance environment. A fundamental aim of the Project is to unpack the culturally-based underpinnings of the Indigenous and non-Indigenous concepts of governance in Australia.

### 1.5 THE COMMUNITY CASE STUDIES

The question of what 'community' is and how it relates to governance is a key issue in the research. A related challenge has been to establish a relevant sample of Indigenous 'communities'.

The Project defines a 'community' as a network of people and organisations linked together by a web of personal relationships, cultural and political connections and identities, networks of support, traditions and institutions, shared socioeconomic conditions, or common understandings and interests. The term 'community' can therefore broadly refer to:

- A discrete geographic location—comprising, for example, a spatial territory or residential location such as a neighbourhood, city, rural town, outstation, pastoral station or remote settlement
- A 'community of identity'—comprising a network of people or organisations whose membership is cultural and historical, rather than a matter of geographic coincidence. For example, a clan, language group or urban group might be residentially dispersed, but nevertheless share a strong collective identity, customs, values and cosmology, and so form a 'community of identity'. Similarly, a set of genealogically related or ceremonially linked outstations spread across a region comprises a 'community of identity'
- A 'community of interest'—comprising a voluntary collaboration or union of people who may not necessarily share the same world view or customs, but share a set of common goals; or a set of organisations which together represent the interests of a broad group of people, form what is called a 'community of interest'
- A political, policy or administrative community—comprising, for example, a state authority or a federation; a service population or electoral ward; a policy or bureaucratic network of individuals.

These distinctions are useful for analytic purposes. In reality, one can find these different types of community in one location. Communities are also more than just residential locations, interpersonal networks, or collective identities. They take on enduring social patterns, institutions, roles, functions and organisational structures. The term 'cultural geography of governance' refers to these aspects of 'community', and has been developed by the Project in order to widen our research focus beyond the obvious geographic boundaries of discrete communities, to include the more permeable and mobile collectivities who are often viewed by Indigenous people as constituting the more legitimate bases for the 'self' in community 'self-governance'.

The selection of community case studies for the ICGP has been determined by a combination of variables. Firstly, in order to fully explore the diversity of community governance conditions, the Project sought to include a sample of community types that are 'representative' of particular political, economic, statutory and cultural conditions, and display governance variations. An important variable considered in sampling has been the desire to include communities from remote, rural and urban locations in the sample. Our case studies cover a range of different types of setting, though they are predominantly in remote and rural locations, with just two from urban settings in southern Australia and one in urban Perth, Western Australia.<sup>6</sup>

Second, our selection has been responsive to community organisations and leaders who have expressed an interest in participating in the research over an extended period of time. To that extent, there is a degree of self-selection from communities themselves—we have a 'sample of the willing', which in itself may represent a form of bias in the research towards communities and organisations who want to engage with outside parties about their governance arrangements.

Also, some Project researchers have long-standing relationships with specific communities, organisations and leaders, with the benefit of a wealth of existing insight. In some cases, these communities have been included as case studies. There may be a 'familiarity effect' at work in such established relationships, which we are attempting to monitor by peer review of research analyses. Finally, our initial research funding partners (the Northern Territory and Western Australia Governments) desired a focus on community case studies in those jurisdictions.

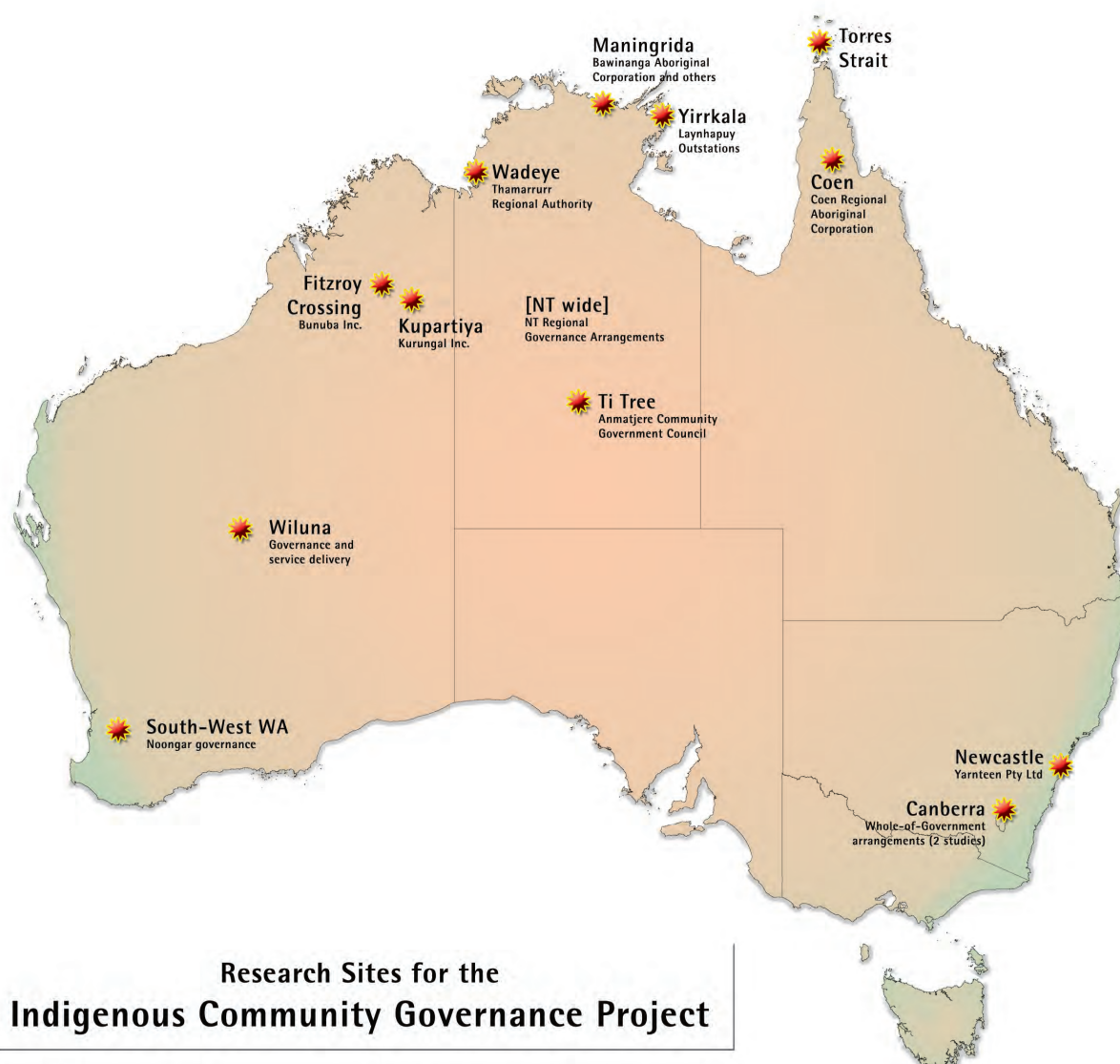
As a result of this sampling approach, Project researchers are currently working at 11 different Indigenous community case studies across Australia, with an initial focus on the Northern Territory and Western Australia, and a small number of case studies in Queensland and New South Wales (see Fig. 1). These case studies reflect a diverse range of Indigenous communities, including discrete remote communities, outstation and pastoral communities, residually dispersed communities of identity and interest, an island community, and urban communities in rural and metropolitan settings. Two additional policy community 'case studies' specifically focus on the wider government policy settings (see the full list of case studies and governance research topics set out in Appendix A).

## 1.6 MAKING THE RESEARCH COUNT

The ICGP is concerned to make its research count in both Indigenous and policy communities. On the Indigenous community side, the Project is collaborative, using a participatory field-based research approach. Researchers work on practical initiatives with organisations and leaders to identify the shortfalls in what might be called 'governance capital' (see Section 5.2), and aim to identify enduring better-practice and transferable lessons for wider dissemination. This includes working with and training Indigenous community research collaborators and development workers, wherever appropriate.

On the policy side, the methodological approach is based on the conviction that high-quality, evidence-based research can have significant value to governments, policy-makers and service deliverers concerned with enabling more effective community governance. There is a tendency in Australia to view 'governance' as predominantly concerned with programs and service delivery outcomes (House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs 2004). The theoretical and conceptual approach of the Project research is broader than this arena; its scope necessarily encompasses issues of jurisdictional power, policy frameworks, scope of local control, issues of resource allocation and funding, and the conditions of economic development, thus its implications should be of wider policy interest.

Fig. 1. ICGP Case Study sites



Indigenous Australians face a number of major challenges. Some arise from the socioeconomic conditions of their communities and lands. Other challenges are actually the products of success. Increasing numbers of Indigenous Australians are negotiating resource development agreements, securing native title and land rights determinations, and developing successful enterprises. As a consequence, they face the challenge of managing major land and natural resource endowments, and trying to generate and sustain economic development.



The unprecedented combination of challenges and opportunities confronts Indigenous communities and their leaders with a fundamental task of designing and exercising practically-capable and culturally legitimate governing arrangements. Crises of governance beset many Indigenous communities and organisations, but there is also significant variation in effectiveness, with some extremely strong governance performance by particular organisations across the country.

Ongoing economic under-development, dysfunctional organisations and failing service delivery create compelling pressures to find solutions to poor governance performance, and identify factors for success. In some quarters, there are unrealistic expectations that 'governance' will be the answer to all problems. As a consequence, there are demands for immediate answers from research such as the ICGP. In this environment of heightened expectations, the Project aims to provide independent, evidence-based research using community and policy case studies; comparative analyses; a process of peer review to ensure research quality; and wide dissemination of its policy-relevant findings in order to facilitate dialogue about Indigenous governance within government, scholarly and Indigenous forums (see ICGP website).

### 1.7 FORMAT OF THE REPORT

This report presents preliminary research findings from phase one of the ICGP, at the end of 2005 in the following structure.

1. It first brings together the findings from a comparative analysis of the dimensions and conditions of community governance in the Project cases studies. These have been individually described in greater detail by researchers in their confidential Field Reports and public case-study papers located on the ICGP website. The report draws on the case-study evidence by way of examples to elucidate broader comparative insights.
2. Drawing on the same material, the report explores the relationship between governance and socioeconomic development.
3. The report then describes the nature of the broader governance environment within which community governance operates, and overviews the changing Indigenous affairs policy environment in each of the relevant government jurisdictions in which the research team is operating (namely, the Australian, Western Australian and Northern Territory governments).
4. This is followed by a presentation of preliminary research findings and insights about governance capacity development, and emerging insights about assessing the effectiveness of governance.
5. The conclusion highlights some early implications arising out of the comparative analysis and case studies, for both governments and Indigenous communities and their organisations.

Some stakeholders eager to progress to immediate action may be frustrated that the findings set out here are not, from their perspective, sufficiently adamant or directive. We are concerned at this early stage of the research to present our evidence-based analyses to date, and to highlight practical and policy implications; but we do so in the knowledge that the research insights are preliminary and need to be further investigated. With that important caveat in mind there are, even so, sufficient recommendations and implications arising from phase one of the Project to challenge both governments and Indigenous communities.



## 2. THE DIVERSE CONDITIONS OF COMMUNITY GOVERNANCE

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### 2.1 DIVERSE COMMUNITIES

Indigenous community governance occurs all over Australia in very diverse conditions. At present the Australian Indigenous population totals 460,000, of whom about 26 per cent are living in 1,300 discrete Indigenous communities.<sup>7</sup> Of these discrete communities, 80 are located within larger non-Indigenous population centres. The remainder are geographically separate from other population centres, and have Indigenous people as the predominant proportion of their total populations. Only 145 of these discrete communities have a population of 200 people or more (there are only 30 discrete communities in Australia with populations over 500 people). The majority—close to 80 per cent—have populations of less than 50 people (Australian Bureau of Statistics (ABS) 2002).

These communities are widely dispersed, often culturally heterogeneous, remote from markets, and primarily located on the estimated 20 per cent of Australia that is legally owned by Indigenous people. Some forecasts indicate that in remote regions and discrete communities, the Indigenous population may double in the next 20 years (Taylor 2004).

The majority of the Australian Indigenous population are scattered across either rural towns or regional areas where Indigenous and non-Indigenous people may each be a significant proportion of the total population, or in major urban and metropolitan locations where Indigenous governance is formed around dispersed communities of identity. These groups retain strong cultural, land and historical identities, but are minority populations spread amongst much larger non-Indigenous populations (see Keen 1988; Langton 1982; Macdonald 2000; Sutton 1998).

Most Indigenous communities—whether they be discrete settlements or dispersed communities of interest or identity—are complex mixes of residents with different cultural and historical ties. These communities may include: traditional owners and claimants of the land on which a settlement has been built; people married to traditional owners; other Indigenous groups who have no land ownership ties but strong residential attachment to the place; returning 'diaspora' people who form part of the 'stolen generation', and non-Indigenous residents, some of whom may be married into Indigenous families. These groups have different, sometimes overlapping rights and interests. High rates of mobility amongst some groups also make for a changing balance in the composition of communities, and create enduring regional networks of linked communities.

Discrete Indigenous communities, while often products of the colonial occupation, have become, as Peters-Little (2000: 4) writes, 'an integral part of ... people's heritage and are fundamental to Aboriginality'. Many Indigenous Australians now identify their family and personal histories and affiliations with particular communities, and regional networks of communities some of which are spread across large geographic areas. Named, extended families are now associated with specific communities, and often with particular organisations in those places. By these means, family structures and kinship institutions have become entangled in community governance structures, imbuing them with what could be called a form of familial corporatism (see Smith, D. 2005c; case study papers by Ivory 2005a, 2005b, 2005c; Smith, B. 2004). Importantly, discrete communities do not exist in social and cultural isolation; they are enmeshed in wider communities of identity and regional networks (Barcham 2005; Morphy, F. 2005a; Smith, D. 2005c).

## 2.2 DIVERSE COMMUNITY GOVERNANCE

This sheer diversity of community conditions presents great challenges to Indigenous governance at the local level.

In all the community case studies, we found Indigenous extended families of polity forming the backbone of governance arrangements and especially organisational modes of governance (see Sutton 1998; Smith, D. 2005b; case study papers by Barcham 2005; Ivory 2005a; Smith, B. 2004; Smith, D. 2005e). Not all families are born equal; some are demographically and politically more 'equal' than other families. Some families are larger than others, and some senior family members are more influential sources of authority in community life than others. Senior members of traditional land-owner groups (whether they are associated with discrete communities, or dispersed communities of identity) have particularly powerful rights and interests that permeate all areas of community governance.

Sometimes informal family coalitions and alliances have become evident in the establishment of particular organisations to represent the combined interests of families and communities of identity within a settlement or region. In these ways, familial descent-group identity has become linked to the concept of 'community', and to community organisational governance and forms of political representation. There is thus an extremely influential 'genealogy of governance' which operates in communities, organisations and across regions (see a specific scenario set out in Appendix E). All the case studies confirm that the familial and genealogical parameters of Indigenous community and regional governance are critical to the success of any policy implementation and capacity development initiatives around governance.

There are currently 2,585 Indigenous organisations registered nationally with the Office of the Registrar of Aboriginal Corporations (ORAC) under the Commonwealth *Aboriginal Councils and Associations Act 1976* (ACA Act). ORAC estimates that 'at least as many Indigenous corporations are incorporated under other legislation' in the states, as are incorporated under the ACA Act (see Department of Immigration, Multicultural and Indigenous Affairs (DIMIA) 2005: 313). This suggests that there are at least 5,000 incorporated Indigenous organisations in Australia (DIMIA 2005). In representative terms, that equates to one organisation for every 92 Indigenous people. Of course, some are smaller units of larger federations (e.g. at Kurungal Inc. there are five separately incorporated communities which make up the Kurungal Inc. Association).

Not many of these organisations are 'whole of community' governing bodies. Of the total ORAC incorporations, approximately 91 are Indigenous local government bodies (ORAC 2005).<sup>8</sup> The majority of these local government community councils are located in the Northern Territory (Sanders 2005a, 2005b, 2005c; Smith, D. 2004). The overwhelming majority of ORAC-registered Indigenous organisations (56 per cent) are located in remote regions within dispersed communities; about 8 per cent are located in major cities. These organisations provide a wide range of services including land management, cultural, health, education, arts, and economic and enterprise development. Usually community organisations undertake multiple functions, and whilst some generate substantial private income, most are small to medium in their income, assets and number of employees, and rely heavily on public funding (DIMIA 2005: 314). This reliance makes them vulnerable to externally-imposed changes in government policy and program funding frameworks.

Community organisations are enmeshed within the webs of social, ceremonial, political and resource relationships that characterise Indigenous societies. Organisational governance is intimately linked to, and influenced by, Indigenous 'traditional' or 'classical' systems of governance where groups exercise rights, interests and responsibilities that are derived from traditional jurisdictions, laws and customs, recognised codes of behaviour, institutions and shared values (Altman & Smith 1999; Finlayson 1996; Langton 2002; Mantziaris & Martin 2000;

Martin 1996; Sullivan 1987, 1996). Every case study has highlighted the fact that Indigenous groups are actively designing contemporary governance arrangements that are informed by their diverse cultural institutions and traditional land-ownership jurisdictions.

Added to this governance complexity on the ground is the considerable variation in the statutory recognition of Indigenous property and resource rights across different Australian government jurisdictions, which also implement different policy and funding approaches.

## 2.3 THE CASE STUDY DIVERSITY

Our case studies have been selected with this diversity in mind (see Fig. 1). Three of our case studies (Thamarrurr, Maningrida and Anmatjere, all in the Northern Territory) cover remote regions of up to 2,000 or 3,000 people in which the Indigenous population clearly predominates. In these case studies, among the organisations with which we are working, there are two (Thamarrurr Regional Council and Anmatjere Community Government Council) which have local government status for a region. Maningrida also has a local government community council, though the focus of the case study there is on a large outstation service-delivery organisation, and its relationships with its outstation members and the council. All three of these case-study communities are located on inalienable Aboriginal freehold scheduled under the *Aboriginal Land Rights (Northern Territory) Act 1976*.

The Torres Strait case study is similar in that it covers an area in which three-quarters or more of the regional population is Indigenous, though in this case the regional population is more like 8,000 people. The focus in this case study is the Torres Strait Regional Authority (TSRA) which is established under its own legislation, initially as part of the national Aboriginal and Torres Strait Islander Commission (ATSIC) that was abolished by the Australian government in 2004. The TSRA serves a highly dispersed membership of 19 communities located on 16 islands. The Torres Strait Islanders have secured important native title determinations over lands and seas.

Two more of our case studies (Coen in Cape York Peninsula, Queensland, and Fitzroy Crossing in the Kimberley region of Western Australia) are small, remote communities with small total populations (approximately 350 and 1,450 respectively). Coen's population is predominantly Indigenous, while the population of Fitzroy Crossing has over 40 per cent non-Indigenous residents. Both communities have significant pastoral activities within their regions and histories. In these case studies, the Project researchers are working primarily with Indigenous-specific service and enterprise organisations. Another cluster of small remote Indigenous communities (five communities with a total of approximately 350 people) is served by Kurungal Inc, in the Kimberley, the site of a further case study.

Wiluna in the Western Australian Desert, and Nhulunbuy in north-east Arnhem Land are towns which appear to have more non-Indigenous than Indigenous residents. However, Nhulunbuy is located on and surrounded by Aboriginal-owned land—so near the mining town, at the Indigenous community of Yirrkala, the Indigenous presence is again very strong and predominant. Here the Project researcher is working primarily with an Indigenous-specific organisation based at Yirrkala which is dedicated to representing and servicing outlying outstation communities at some distance from the township, and which have virtually entirely Indigenous populations. That case study includes as part of its focus the wider governance environment linking Nhulunbuy, Yirrkala, the outstation organisation and its members.

Wiluna's case is similar to that of Yirrkala in that it is located near mining industries with a major workforce. Resident pastoral workers also contribute to the significant non-Indigenous population. In this case study, approximately half the Indigenous residents live in or near the town, with others in small communities some distance away. There is no Indigenous-owned inalienable freehold land in Western Australia equivalent to the

Northern Territory, though a number of Wiluna's Indigenous residents are claimants in native title claims and determinations. The Wiluna case study adopts a 'whole of community' governance focus encompassing several Indigenous organisations and the local government shire council, which currently has a majority of Indigenous councillors (a situation which has only occurred twice since 1993).

Two more of our case studies—in Newcastle (New South Wales) and Perth (and the surrounding south-west region of Western Australia)—are in urban areas (and their rural hinterlands) where Indigenous people are a small proportion of the total population. The case study in Newcastle focuses on a community organisation with a strong enterprise development and service role. The south-west Western Australia case study focuses on several organisations representing one large Indigenous community of identity. The Indigenous members in both these case studies are dispersed beyond the cities of Newcastle and Perth. Here too we are working with Indigenous-specific organisations, but also with a consciousness of the larger governance environment of the region produced by local, state and Australian governments. In both these urban populations Indigenous groups are engaged in native title and land claims.

Clearly the considerable diversity in these circumstances of Indigenous community governance has significant implications for community organisations themselves. To be an Indigenous-specific organisation in a regional environment which is dominated by non-Indigenous people and organisations is quite different from being an Indigenous-specific organisation in a region or community which is predominantly Indigenous. Similarly, to be the local governing body in a region which has a predominantly Indigenous population, but still has a small minority non-Indigenous population is a different sort of challenge again.

The diversity of external statutory, policy and funding frameworks within which these communities and their organisations have to operate also creates specifically different governance challenges and opportunities. The importance of this diversity is apparent from the research, in the governance solutions established by different communities.

As will be described in the sections below in more detail, organisational and representative structures of governance are being designed that directly respond to, and support, such diverse community characteristics. To that extent the commonly heard maxim that no single model of community governance will suit all these diverse circumstances, is correct. However, as will also be discussed later in this Report, neither are all formal governance models equally effective. The Project is beginning to identify common underlying challenges and design principles that appear across all the case studies. The early implication from this is that there will be different governance models. Some will work better than others, and there may also be important broadly relevant principles and practices which could be used to inform any governance arrangements, no matter what their structure or where they are located.

The remainder of the Report presents our emerging research insights from all the Indigenous community and policy case studies (other than the Torres Strait which was not an active study in 2005), into the implications of this diversity and the wider governance environment for Indigenous governance performance.

### 3. CULTURAL MATCH AS LEGITIMACY

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#### 3.1 INTRODUCTION

Governance is not culture-neutral. If governance is about achieving desired results and achieving them in the 'proper way', then the 'proper way' is largely shaped by the norms, concepts and values of the organisation, group or society concerned. Accordingly, when different systems of governance interact, there may be competing expectations and priorities, based upon different legal, political and religious frameworks. This is the case in Australia for Indigenous and non-Indigenous systems of governance. Australian researchers have in fact argued that these different systems of governance are not independent and neatly 'bounded', but instead create an 'intercultural' milieu (Merlan 1998)—indeed, that Indigenous organisations are by their nature intercultural, and ambiguous and should be examined from this perspective (Altman & Smith 1999; Martin 2005; Sullivan 2005a).

Martin suggests that Indigenous organisations actually facilitate a 'strategic engagement' between Indigenous groups and individuals with the wider society, in which they select from, transform or reject aspects of it, and in doing so transform their own culture (Martin 2003, 2005). Thus legally incorporated Indigenous organisations in Australia can also be 'incorporated' into the Indigenous social polity and transformed to meet their own purposes. This approach is valuable in that it recognises that there are different Indigenous and non-Indigenous perspectives, without separating them into autonomous domains, but it also acknowledges the inter-cultural 'agency' which Indigenous people employ as they undertake community governance (Smith, D. 1995). That is, it draws attention to the way Indigenous people construct organisational and governance arrangements drawing on tools and processes from both domains.

A key research focus for the Project in 2005 is on the current forms and role of so-called 'traditional' systems of Indigenous governance in contemporary local, community and regional arrangements. Does the concept of 'cultural match' have relevance for Indigenous Australians and others engaged in designing governance arrangements? And if so, how is that concept being realised? How do organisations operate across inter-cultural governance domains? How are Indigenous governance structures and processes responding to the culturally heterogeneous composition of many contemporary communities? Are there areas of match or mismatch? And if so, from whose perspective is this being assessed, and with what consequences?

The Project case studies reveal that many Indigenous groups are designing and testing different governance arrangements to represent their rights and interests within community and regional environments. In doing so they are grappling with issues of internal and external legitimacy and 'cultural match' or 'fit'.

#### 3.2 THE CONCEPT

The concept of 'cultural match' has recently been introduced into Australian debates about Indigenous governance by the Harvard Project research team (see Begay, Cornell & Kalt 1998; Cornell 1993, 2002; Cornell & Begay 2003). It has found both resonance and resistance: some feel that it raises important questions of relative power and Indigenous choice; others feel that it oversimplifies and essentialises complex cultural systems; or that it elevates the 'soft' intangibles of culture, to the detriment of 'hard' corporate accountability issues.

So far, the comparative analysis of the research suggests that cultural 'match' or 'fit' is seen as relevant by some Indigenous communities and organisations in Australia, who are attempting to put it into practical use. But the concept is poorly understood by all stakeholders, as are the processes by which it might be designed. The Project approaches the concept as one that requires robust examination under Australian conditions.

According to the Harvard team, cultural match means institutions that:

Embody values that Indigenous peoples feel are important; reflect their *contemporary* conceptions of how authority should be organised and exercised; are generated through Indigenous efforts; and therefore have the support of those they govern ...

It is not an appeal *to tradition*; it is an appeal *for legitimacy* ... In some cases, this may mean Indigenous communities have to rethink their ideas of how to govern and invent new ways that better meet their needs ... What matters is not that things be done in the old ways. It is that things be done in ways – old or new – that win the support, participation and trust of the people, and can get things done. Some will be old. Some will be new (Cornell & Begay 2003, powerpoint presentation, authors' italics).

In discussing the attributes of strong First Nations governance in Canada, Sterritt (2003) has characterised 'legitimacy' as consisting of the way structures of governance are created and chosen, and the extent of constituents' confidence in and support of them. In the Australian environment where there are significant differences in jurisdictional and political power and economic status, there are important differences between Indigenous and non-Indigenous views and confidence in what constitutes 'legitimate' Indigenous governance (see Section 8).

### 3.3 THE RELEVANCE OF 'CULTURAL MATCH' AND 'LEGITIMACY' IN AUSTRALIA

The Harvard research is being undertaken primarily with Native American Indian populations whose reservations are relatively culturally homogeneous.<sup>9</sup> Native American Indians also have national legal recognition of their right to self-determination, significantly higher rates of educational attainment, a longer history of managing service delivery, and exercise devolved jurisdictional powers and pooled funding responsibilities under enabling United States of America legislation and regulations.

The ICGP case studies reveal that the conditions for 'cultural match' are extremely complex in Australia where there are significantly different historical experiences. Indigenous Australian communities appear to be more culturally heterogeneous in their residential populations than many Native American Indian and New Zealand Maori groups, and they have weaker political, jurisdictional, resource and legal rights. In Australia, there is no national legislated recognition of the right to self-determination, no regulated pooling of funding, no devolved jurisdictions apart from some local government (in the form of community councils on inalienable Aboriginal freehold lands in the Northern Territory), and there is no longer any national representative Indigenous voice in Australia. And as will be discussed further below, the particular cultural confluence of Indigenous kinship, social organisation and land ownership results in a very localised polity in Australia, which acts to disperse 'traditional' forms governance across linked social groupings (see Martin 2005; Smith, D. 2002).

The Project's comparative analysis also reports complex political and funding environments at the community and regional level, in which decision-making power, governing functions and economic activities are dispersed among multi-layered sets of entities. Issues of authority and constituency are contested on the ground, and often coalesce around the particular mix of Indigenous residents living in communities, and their relative rights and competitive interests. This raises some difficult questions for Indigenous groups wishing to establish broader representative organisations—who will the organisation represent? Who will lead it? Whose 'culture' will inform the institutions and processes of the organisation?

The issue of legitimacy looms large in Indigenous decisions about these matters. The research case studies overwhelmingly indicate that for organisations to operate effectively they need to be regarded as legitimate in the eyes of the people they purport to serve.



The term 'legitimacy' is not frequently used amongst Indigenous community members when referring to their governance arrangements. Rather Indigenous people use words like 'following the 'law', the 'right' or 'proper way', the 'right road', 'Bininj way', 'Noongar way' and so on, to describe norms, social systems, values and behaviour that are mandated by Indigenously derived laws and customs. Leaders and community members mutually reinforce their understandings of what is the 'right' way to govern. In other words, legitimacy is not a fixed brand or benchmark— it has to be actively negotiated and sustained over time.

The preliminary comparative findings from the case studies reveal important areas of mismatch between Indigenous and non-Indigenous notions of 'legitimacy'. The focus of non-Indigenous assessments of legitimacy, especially in respect to organisational governance, relates to western liberal democratic notions of corporate governance, financial and legal compliance, technical and administrative capacity, program accountability, inclusive community representation, the use of individual electoral and decision-making processes, and concepts of individual equity.

The focus of Indigenous assessments of legitimacy appear to relate primarily to the *processes, relationships, and cultural institutions* involved—for example: the *ways* structures of governance are created, leaders chosen and perform, consensus decisions and internal accountability secured, resources shared, and culturally-based capabilities and knowledge supported.

There are degrees of overlap between these sets of meanings, but also important differences which have implications for assessments of 'effectiveness'.

Within the Australian context, it is likely that forms of organisational or institutional culture match being actively designed by Indigenous peoples will be dynamic solutions that evolve over time. Importantly, cultural match is not a fixed endpoint; it is a means. Viewed more as an ongoing process, it will need statutory flexibility.

### 3.4 THE FOCUS OF CULTURE MATCH

#### *Relationships first*

As Indigenous groups and communities set about designing any form of collective governance arrangement, the overwhelming focus of their attention is relationships.

Overwhelmingly, people interviewed in all the case-study communities are thinking about who are the 'right' Indigenous people to become members of a governance arrangement; who are the right people to 'talk' for (or represent) them; who are the right people to take the lead and make decisions; and how the right relationships can be maintained between Indigenous members and 'bosses'. The 'right' people for governance are likely to reflect an emphasis on culturally-derived authority in that context, and now also include leaders who display a mix of more western-defined governance capacities that enable them to effectively operate across inter-cultural domains of governance (such as literacy in English, or particular skills such as finance). The critical condition appears to be that western skills and knowledge are exercised in such a way that they resonate with Indigenously-defined standards of behaviour and relationships.

Interestingly, it appears that in some of the case studies, 'sorting out' or negotiating these internal Indigenous relationships receives more intensive attention than do the relationships between Indigenous people and the non-Indigenous management and staff who work for them. In some instances, Indigenous focus on the latter seems to come to a head only after the relationships have deteriorated or a crisis besets an organisation (see Section 8 for fuller discussion of issues). There is some indication that those Indigenous organisations which pay early (and ongoing) attention to developing relationships with their staff and Chief Executive Officers (CEOs) based on clearly articulated roles and responsibilities, appear to be more effective (Sanders 2006; see also Appendix D).



By and large, Indigenous community groups first focus on trying to negotiate internal issues of representation, membership, leadership and decision making (see case study papers by Barcham 2005; Holcombe & Sanders 2005; Ivory 2005a, 2005b, 2005c). Invariably, these are embedded in discussions of land ownership and kinship (and this holds true for case studies in discrete communities as well as dispersed communities of identity and urbanised communities).

That process then leads to the design of formal organisational structures and mechanisms. In other words, governance structure arises out of process, not the other way around. Governments tend to focus on structures first, and under pressure for short-term outcomes, processes are often seen to be of secondary importance, if not a time-consuming luxury. From the Indigenous perspectives documented by Project researchers, culture match is about the means, not ends (see especially Ivory 2005a; Morphy, F. 2005a, 2005b, 2005c).

#### *What's in and what's not in?*

Culture match does not mean having to integrate or immerse one thing (culture) in the other (structure). The preliminary research is suggesting that there may well be aspects of Indigenous cultures that are not amenable to, or easily integrated into the 'culture' of corporate management and business (Morphy 2005a; Smith, D. 2004; Dodson & Smith 2003).

Indigenous groups are adept at experimenting with different processes and structures of governance in community settings, but these are invariably couched within a world view that emphasises the desire to sustain a balance between local group autonomy, kin relatedness, and representative scale. The Project research indicates that groups are spending substantial time in discussion and negotiation of this balance, and are prepared to innovate when it cements preferred forms of relationship. We could characterise the Indigenous approach to developing legitimate, culturally-informed governance as a form of radical conservatism. In designing governance arrangements, all groups are choosing to keep certain 'restricted' areas of their own law, ceremonial knowledge and ritual ownership, firmly outside the formal operation of their contemporary representative organisations.

Having said that, the processes of authority, webs of leadership, and institutions that emanate from Indigenous domains exert a very powerful influence on how organisations are established and run. This is apparent in all the case studies.

In some of the community cases, organisational legitimacy is being constructed by inserting various powerful relationships (e.g. owner-manager, the role of elders, or senior family members, and important linkages between close kin or traditional owner groups) into key points of organisational representation and decision-making. Those organisations that focus on land ownership and management often draw more on traditional governance institutions and systems of authority.

In other case studies, the 'front-line' organisational leaders within a community often have older, more senior leaders 'standing behind' them, remaining outside the organisation but exerting considerable influence on its decision-making and direction.

Some economic and enterprise development organisations are actively creating institutional buffers (such as policies, rules, constitutions, tightly defined representation models) to keep wider familial and community demands from 'social stripping' the organisation's business income. Partly for the same reasons they are also creating separate organisational subsidiaries to carry out discrete functions. In these cases, areas of culture match are focused on maintaining tight representative models, clear separation of enterprises from broader service-oriented functions, and clearly separated community-development services.

To date, there are no organisations or other entities in the case studies that are designing governance arrangements that are entirely inspired by western, market oriented, or liberal democratic institutions and structures. Even in the most profit-oriented organisations, there is considerable value placed on leaders and boards staying connected to perceived Indigenous values of decision making, relationships and familial support. There always appear to be areas of cultural mix and match. The way that groups are actively designing this 'mix' may be the essence of *Indigenous* community governance.

#### *Institutions: building a 'governance culture'*

A particularly interesting early finding from the case studies is the amount of time and effort some community groups and leaders are putting into designing the institutions for their organisations. Importantly, this is an area where people seem to be striving to achieve a strong cultural 'fit' in developing their own organisational rules, codes of conduct, dispute-resolution mechanisms, policies, constitutions and preambles, strategic plans, work conditions, decision-making procedures, and so on. It also appears to be the case that the organisations which are working on their institutions are also the ones actively promoting governance capacity and professional development amongst their boards, staff and management. The two activities appear to reinforce each other.

A related and important early insight is that some Indigenous leaders and groups are looking at formal non-Indigenous governance institutions in order to facilitate the effectiveness of their organisational governance. For example, governing boards are actively using certain corporate governance devices such as codes of conduct, policy formulation, mediation and dispute resolution mechanisms (Bauman, Clements & Koeman 2005), fiduciary responsibility, appeal mechanisms and so on, in order to collectively address issues that might otherwise prove difficult to negotiate owing to kin-related avoidance behaviour, hierarchical leadership etiquette, or the pressure of meeting family responsibilities. In other words, there is a recognition that some elements of Indigenous family and political systems may undermine or counteract the governance effectiveness of organisations (and vice versa) if not sensitively managed. Importantly, western corporate tools are being deliberately customised for organisational governance, in order to enable them to 'fit' within preferred Indigenous culturally-based styles of interaction.

A comparison across the case studies indicates that customised institution-building by organisations appears to make a significant difference to their legitimacy and effectiveness. Those organisations which are ignoring or unable to give attention to this vital area of 'governance work' are also the ones which seem to experience greater internal conflict, dominating leadership, poor outcomes, difficulty in delivering services, and problems with both their external and internal accountability. They also appear to be the organisations who are putting less effort into developing the capacities of their staff, management and leaders.

#### *Culturally-informed structures?*

It is becoming evident from the case studies that the structures of governance are critical, but that they emerge out of Indigenous people's consideration of issues of representation and membership, land ownership, kin relatedness, ceremonial, language and other social affiliations. To that extent, structures will vary according to important local and cultural parameters.

For example, the governance culture of one particularly successful organisation, Yarnteen Corporation, is not seen as an imposed whitefella ideal or structure. Its internal organisational culture has been actively shaped by its members' Aboriginal traditions, strong leadership and institutions, and valued family relationships. The organisation has a board comprising representatives from four large extended family groups in the region who formed the organisation many years ago, and who have maintained organisational stability by carefully balancing

the representation of these families over the years. Significantly, some of these families have historically come from different Indigenous cultural groups across regional northern-eastern New South Wales. They have resided in the Newcastle area for several decades, and together have come to form a tight community of identity and interest (what they refer to as being like 'one family') which, in its early days, was largely responsible for establishing some of the foundational Indigenous organisations in Newcastle and reinvigorating the local Awabakal language. Over 12 years, the Corporation has created an extraordinarily resilient and successful governance culture that not only works in an 'Aboriginal way', but just as importantly also meets the external demands for effective corporate governance, business standards, and financial accountability (Smith & Armstrong 2005).

Thamarrurr Council, another case study organisation, is officially recognised as a local government council, but its structure has been developed over a number of years by the Indigenous people of that region to reflect the clan-based arrangements of that locality. Some 20 'clan' groups are now formally represented in the governance structure, selecting their representatives according to their own processes. Senior elders who are not Council members may still monitor meetings and have significant influence on decision-making, especially on matters they deem significant.

More detailed description of some community and regional governance structures is provided in Section 4.3 and Appendix B.

### 3.5 EMERGING DESIGN PRINCIPLES FOR CULTURAL MATCH

The diversity of Indigenous Australian cultures and community circumstances across communities that have been described earlier in this Report, confirms there will be no 'one size fits all' model of Indigenous governance.

On the other hand, Indigenous groups and communities across the case studies share many cultural traits, face common obstacles and levels of disadvantage, and operate within the same rapidly changing national policy environment. In other words, while local structural solutions might be different, there appear to be some common underlying principles and approaches that are informing Indigenous people's design of culture match in their governance arrangements.

#### *Informed choice and local control*

Fundamentally governance is about power, jurisdiction, control and choice—it is about the relative scope and extent of power, who has influence, who makes the decisions and 'calls the shots', who makes the rules, and how decision-makers are held accountable, both internally and externally. 'Power' is the extent of acknowledged legal, jurisdictional, economic and cultural authority and capacity to make and exercise laws, enforce institutions, resolve disputes, and carry out administration (Sterritt 2002).

The issue of culture match is about power. Early research comparison across the case studies is highlighting that what matters for governance legitimacy and effectiveness is that the process of culture match be under Indigenous control, and be a product of informed Indigenous choice.

To that extent governments and their departments will need to find ways to support Indigenous people who are developing organisational 'cultural match', but avoid the temptation to take over the process. Research documentation of the governance histories of some organisations and communities indicates that when unilateral intervention has occurred in the past, the internal legitimacy of organisations and leaders is diminished, their effectiveness reduced, and objectives potentially undermined. This is evident, for example in the governance history of the early community council operating at Wadeye; in the initial business development experience of Yarnteen; in the current initiatives of Noongar to design regionally representative organisations; and in the

negotiations between Bawinanga and Australian government over the Community Development Employment Program (CDEP) scheme (see Altman 2005; Barcham 2005; Ivory 2005c; Smith, D. 1996). When internal legitimacy is weakened, it permeates into external stakeholders' negative perceptions of an organisation's credibility and effectiveness, which in turn further undermines the organisation, creating a debilitating cycle.

On the other hand, those organisations which exercise judgement and choice about the form of their governance arrangements, and are facilitated and enabled to do so, tend to also be organisations in which individuals and leaders are committed to building their own skills and capabilities to better govern. Here there is a positive feedback loop between local control and choice, and the motivation to take responsibility for governance arrangements.

#### *The importance of history and place*

Indigenous groups developing alternative governance arrangements are engaging in a process of rethinking their collective history, to 'see for themselves what has happened in the past, what the situation is today, and where they can take their people if they so desire' (Ivory 2005c: 7).

For example, clans and residents involved in the establishment of the new Thamarrurr Council, spent several years undertaking a community-based process of reflecting on their own local history in order to consider what values, processes, relationships, forms of authority and strengths were important to them. During this process people began to conceptualise how their governance might be improved. It was, 'the last chance in their eyes to have a system of governance that is able to straddle both domains and hence retain important principles of their culture' (Ivory 2005c: 8).

Those groups which are able to work through what matters most to them when designing 'new' governance arrangements appear to take more local control over setting their own agenda. This engagement has to be maintained though, and it needs to be embedded in institutions that reinforce shared commitment and goals.

#### *Subsidiarity, autonomy and relatedness*

Subsidiarity is a political principle suggesting that issues should be handled by the most competent and appropriate authority available. No higher centralised level or scale of political aggregation should undertake functions or tasks which can be performed more effectively at a dispersed or local level. Conversely, more centralised forms of governance should undertake initiatives which exceed the capacity of individuals or communities acting independently (see Smith, D. 2002, 2004).

The research is revealing a traditional Indigenous institution of subsidiarity which appears to be a critical factor in the design of cultural match in all the case studies. Across all types of communities, certain local groups of people have the right to own particular tracts of land and resources, and to exercise authority and make decisions in respect to those things and related activities. The fact that there may be local dispute and negotiation over this matter simply testifies to the importance people attach to identifying the 'right' people. Within communities, extended families deal with particular domestic matters and decisions. Larger groups of extended kin come together for particular business, economic, resource development, land management and social/ceremonial activities. Some of these larger-scale social identities are enduring; others may be opportunistic. These social layers are permeable and overlap, forming and reforming at larger and smaller scales according to need (see Morphy, H. 1999; Smith, D. 2005c).

This Indigenous principle of subsidiarity is shaped by the core value placed by people on achieving a balance between the desire for local autonomy on the one hand, and social relatedness on the other. These 'traditional' principles (subsidiarity, autonomy and relatedness) are being brought to bear by Indigenous leaders and groups in designing and sustaining cultural legitimacy within their organisations.

Subsidiarity is being shown to be a particularly important principle in developing regional models for governance, posing as it does the possibility that federalised systems of Indigenous governance can be decentred and accommodate inter-dependent layers. The precise form of dispersed regionalism that is being developed by some organisations on the ground appears to come from their negotiation of subsidiarity in terms of the distribution of roles, responsibilities, shared resources, and areas of retained autonomy.

The workable implementation of this principle can be seen amongst the case studies in the 'hub and spokes' governance of homelands, and in the confederation and 'umbrella' structures set up between 'families' of organisations within regions, and in the operation of peak bodies. When issues of subsidiarity are not sorted out, as is the case in some of the Project case studies, organisations within communities end up competing for constituents, resources and leaders, usually to their detriment.

The implication for governance is that a system of Indigenous political representation can be decentred and dispersed, but it must be negotiated on the basis of an agreed division of roles and responsibilities, and it must be able to accommodate interdependent social and organisational layers.

#### *A developmental approach to building governance*

The research makes clear, even at this early stage, that building governance and culture match is a developmental issue—it is about building institutions and mobilising the leadership, knowledge, skills and resources of a group of people towards a common future goal (see Hunt 2005a, 2005b; Lange 2005b; Hunt & Smith 2005). This will require more innovative approaches to community development where the importance of the social environment and cultural 'capital' are recognised and attention is focused on the longer-term timeframes involved (see Section 5).

Communities like those around Wadeye which have received developmental facilitation in their establishment of alternative governance arrangements seem to be sustaining their initiatives. In other communities where governance 'problems' have been addressed separately from a more holistic, community-wide development approach, governance 'solutions' appear to be less resilient.

### **3.6 SOME DESIGN PROBLEMS BEING ENCOUNTERED**

#### *Essentialising culture*

Legitimate governance will not be created by importing romanticised or essentialised views of either traditional Indigenous or western democratic systems into organisational governance arrangements—especially if those views are no longer achievable, effective or valued in everyday life (Dodson & Smith 2003).

Indigenous groups across all case-study communities continue to place a high value on their own systems of decision-making, relationships, and authority. They want governing arrangements based on their values and world views. However, many have also experienced generations of external intervention in family life, forced removal and voluntary relocation, and the breakdown and re-establishment of social relationships and identities. In these circumstances, culture match is very much about reconstituting and reaffirming collective identity.

This takes time, experimentation and support. Fast-track decisions about organisational representation, structures and processes come unstuck when they are based on concepts that have little local or contemporary relevance. The critical combination seems to be to create arrangements that are not only internally authorised by the relevant Indigenous groups, but that also work effectively and get things done.

*The problem of juridification*

Governance is not static. In every society, political and social systems evolve; sometimes over long periods of time, and sometimes quite quickly. Indigenous Australian political systems have developed within a worldview that emphasised social continuity and connection to land, at the same time as enabling innovation and creativity (see Myers 1986; Smith, D. 2001; Williams 1987). Indigenous 'traditional' forms of governance also adapted to accommodate changing environmental and population conditions. Contemporary Indigenous governance and cultural match arrangements similarly need room to evolve to meet changing conditions and challenges, whether those are internally or externally instigated.

The Project research has identified some difficulties being experienced by some communities and their organisations when their early experiments with cultural match become too quickly concretised or juridified by formal legal and technical mechanisms; for example via constitutions, regulation and statutes that then require external permission to be changed. The research shows that Indigenous people need time to assess how well their governance initiatives are working, and the power to adapt or completely change arrangements when they are found to be insufficient to the task, or lose credibility for example. Once a particular structural model or procedure is developed, we should not assume it will be the final form. This has considerable implications for governments and mainstream legal and regulatory frameworks. Legislation and policy implementation in particular needs to enable flexibility in the search for effective governance and culture match.

*Practical capability*

Culture match is not sufficient by itself. It is one side of a 'two-way' process. Community governance arrangements must have the practical capacity to take action, carry out functions, and respond to opportunities and challenges present in the complex environment in which Indigenous Australians live. Some organisations in the Project case studies have undermined their credibility and legitimacy as much because they have failed to deliver expected services and programs, as because they failed to operate in a culturally-informed manner.

*Two-way legitimacy*

The research indicates that legitimacy requires accountability. Accountability is the extent to which those in power must justify, substantiate and make known their actions and decisions (Sterritt 2002). Accountability and legitimacy are both 'two-way' processes—they have internal and external parameters and implications. There are cases of organisations participating in the Project research that have had their internal legitimacy and capacity diminished as a result of poorly judged internal and external intervention.



## 4. DIMENSIONS OF COMMUNITY GOVERNANCE

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### 4.1 INTRODUCTION

Governance in Indigenous communities is an evolving practice that is responsive to internal cultural factors, diverse local conditions, and the wider regulatory, legal, corporate and economic environment. The Project case studies are highlighting the importance of several endogenous dimensions of community governance for effectiveness and outcomes. These include institutional capacity, decision-making processes, leadership, representation, and organisational design. Much of the work done by Indigenous communities in these areas is often 'invisible' to outsiders, and usually takes precedence over issues of structure; or more precisely, organisational structures arise out of these largely 'invisible' dimensions and informal processes, not the other way around.

Another central research question is what are, or might constitute, the most relevant collective units for community governance? In other words, who constitutes the 'self' in self-determination at the local level? What are the Indigenous bases of collective identity, for relevant boundaries and units of governance? Does such a cultural geography of governance facilitate or impede representativeness, autonomy, or effectiveness? The project is exploring this 'cultural geography' of governance in each community, including its scale, relationships, institutions, values and logic.

### 4.2 THE CULTURAL FOUNDATIONS OF INDIGENOUS GOVERNANCE

In Australia, early colonial officials, researchers and commentators attempted to 'force fit' the systems of Indigenous governance into a world view based on Victorian English social evolutionist concepts of government and common law. Indigenous Australians were characterised as being at the nadir of civilisation, entirely lacking in law and order, with no leaders, systems of arbitration and dispute resolution, no land ownership, and so on (see Smith, D. 1976). They were effectively consigned to the governance equivalence of *terra nullius*. Not surprisingly, Indigenous groups rarely regarded the foreign structures and concepts of western democracy that were imposed by the British colonists as being legitimate.

In fact, it is now well-documented that Aboriginal law operates as a whole system underpinning personal property and communal title, establishing what some refer to as the 'right road' for people to follow. It is not a bundle of accidental principles or isolated relations (Keen 1989; Williams 1987). But neither does it resemble Western law in its structure, first principles or processes. It has its own notions of precedent and ancient moral authority, externalised into what some refer to as 'the Dreaming'—a system of law that 'constitutes the ground or foundation of the visible, present-day world'; a 'theory of existence' in which everything, including land, water, persons, customs, and resources originates (Myers 1986: 49).

With its origin in a religiously framed creative epoch, 'the Law' constitutes an ongoing source of cultural values for Indigenous Australian societies. It is the repository of law-given precedents and moral authority, and drives much of customary behaviour across different domains such as property rights and responsibilities, marriage and kinship, daily family life and socialisation, economic production and exchange, ritual and ceremony and so on. Nevertheless, within a spiritually sanctioned view of 'the law' as unchanging, there is a fluid 'here and now' quality to everyday life in which behaviour, events, authority, leadership, decisions etc. are actively interpreted, negotiated and manipulated in the shadow of the Law (Smith, D. 2001).

Aboriginal conceptualisations of their own governance systems are complex, and correlate to a fundamental relationship posited between the individual, the group, the land and the eternal law of the Dreaming. As a theory of existence and value that assists groups to actively respond to change (and that legitimises change as being



a form of continuity), the Law affords an adaptive mechanism for contemporary Aboriginal societies across the country. Aboriginal groups in many parts of the country continue to possess and exercise rights, interests and responsibilities that are derived under their extant traditional laws and related customs. And as described in Section 2, extended families of polity (see Smith, D. 2005c; Sutton 1998) have now become intimately associated with community governance arrangements and with particular organisations. The result is what might be called a form of 'familial corporatism' underlying contemporary governance at the local level.

The guiding principles of Indigenous classical systems of Law and governance could be summarised as follows:

- an inalienable jurisdiction over land, resources and cultural property
- a cultural geography of governance—evident in territorial, political and ceremonial communities
- systems of collective and individual rights, interests and responsibilities that derive from Law and land-based foundations
- a dispersed, fragmented polity—informed by a subsidiarity of power, authority, leadership and decision-making
- dispersed accountability—with both collective and individual dimensions;
- collective 'resource governance'
- adaptive processes of aggregation and disaggregation (of people, identities and territory)
- hierarchically-based authority and knowledge systems—with controlled acquisition of power and dissemination of information
- asymmetrical age and gender-based participation, leadership and authority
- a localised focus on extended families of polity—with overlapping networks and responsibilities
- a 'relational autonomy' basis for group relationships and levels of governance;
- concepts of leadership as stewardship and context specific—emphasising a relational approach to politics
- consensual decision-making—that is, process-oriented and open-ended, and
- institutions based on the value of 'radical conservatism'—where innovation and creativity are couched in terms of continuity and collective agency.

Today, Indigenous governance in Australia is the product of attempts to retain many aspects of these culturally-based guiding principles<sup>10</sup>, in the context of also establishing organisational structures that deliver services, administer programs and grants, and satisfy external demands for financial accountability. As a consequence, most Indigenous organisations and their leaders operate as inter-cultural mediators, across different governance environments (see Section 6). The tensions and challenges associated with this balancing act are evident in every Project case study.

### 4.3 A CULTURAL GEOGRAPHY OF GOVERNANCE

The 'cultural geography of governance' refers to the wider sociological and culturally-based foundations of 'community' governance. The term has been developed by the Project in order to widen our focus beyond the obvious geographic boundaries of discrete communities, to include the cultural units and more permeable social collectivities which are often viewed by Indigenous people as the more legitimate bases for the 'self' in 'self-governance' (Smith, D. 2005f).

Within Australian Indigenous domains there is an evident cultural preference, on the one hand, for autonomy, that is marked by a tendency towards localism and small kin-based congeries of people attached to core geographic locales. But this momentum towards atomism and local autonomy is balanced, on the other hand, by an equally compelling strain towards collectivism, connectedness and interdependence. This brings small groups together into larger scale alliances and confederacies (sometimes lasting, sometimes short-term) formed on the bases of broader territorial, kin, ritual, political, trade, mobility, and economic networks. The boundaries of these customary or 'traditional' regions are not cadastral in the standard sense. They may be visible in geographic and ecological form, but they may also be invisible, arising as they do out of Indigenous naming, marriage, ceremonial processes and networks of mobility (see Morphy, H. 1999). These classical Indigenous regions continue to be subject to ongoing negotiation, fission and fusion. In other words, there has always been a social permeability to Indigenous collective identities that has facilitated a concertina effect between smaller and larger-scale congeries of people.

Not surprisingly, the Project is reporting governance activity across this continuum of localised and regionalised scales of population. The 'governance mapping' exercise of the research to date shows a large number of community organisations working at a fairly small, localised geographic scale and often also in restricted functional areas. There is a fairly strong defense of these small-scale organisational arrangements as being protective of localised autonomy. However, we are also seeing problems of scale emerging, as small organisations struggle to develop and sustain their service capacity, administrative systems, continuity of professional staffing, and to deliver tangible outcomes for their members at larger population and geographic scales.

Some communities participating in the Project are experimenting with different forms of aggregation, establishing regional networks and linkages across consortia or 'families' of organisations. Some of these regional models are being designed to balance issues of local autonomy, subsidiarity and scale. One mechanism identified for achieving such a balance appears to be through models of representation and accountability (both 'internal' and 'external'): the former allowing people to stand for, or represent others not present, and the latter allowing those not present to still have some ongoing role and input to governance processes (see Holcombe & Sanders 2005; Ivory 2005a; Morphy, F. 2005c; Smith, D. 2004). Importantly, the comparative analysis is highlighting the fact that regional structures are relational models. They give expression to communities of identity and interest which may be dispersed and layered, but nevertheless regard themselves as collective identities.

The case studies, for example, indicate an Indigenous political inclination towards larger coalitions, evident in the moves to establish centralised and regional service-delivery and representative entities. This is apparent in areas of health, housing, royalty distribution, resource agreements, local government, homelands representation, arts and crafts industries, and so on (see Altman 2005; Morphy, F. 2005a; Sanders 2004; Smith, D. 1995, 2005e). It is also evident in the internal negotiations within some communities to construct 'nation' identities at a regional level, with organisational representation of those nation identities (see Barcham 2005).

At the same time, while there has been a political and service movement towards regionalised organisational arrangements, the case studies also indicate a sustained residential movement of Indigenous people (especially in north and central parts of Australia), away from larger centralised discrete communities, to smaller homelands or

outstations (see Altman 2005; Morphy 2005a). Case studies which include large established homelands populations emphasise the social continuity of their residential populations, and the fact that many smaller homelands are not 'stand-alone' entities, but rather form connubia or linked networks of homelands (see Morphy 2005a). The governance of these linked homelands, some of which are scattered over large regions, will be an important continuing part of the Project's research in 2006.

The Project case studies are therefore highlighting an important 'two-way' trajectory for Indigenous governance in some areas, namely, a desire for residential decentralisation and localism on the one hand, alongside political centralisation and service regionalism on the other. This has important implications for future initiatives to reshape and fund Indigenous governance.

If we accept that regionalism is as valued an organisational principle of Indigenous governance as is local autonomy—and that through the practice of subsidiarity the two are dialectically linked—then the next question is, exactly what forms of regionalism are Indigenous groups generating? And how workable are they? The Project is only beginning to investigate the parameters of these issues.

Appendix B summarises some of the models of regional governance that have been established or are being considered in the Project community case studies. They include: models based on language, kin and family groups (such as that developed by Thamarrurr Regional Council, see Fig. 5); ward models (such as being proposed for the West Central Arnhem Land Regional Authority, see Fig. 6); hub and spokes (seen in many homeland associations and resource centres, see Fig. 7); 'families' of organisations (such as is typified by Yarrteen Corporation, Bunuba Inc and proposed versions for Noongar regional governance, see Fig. 8); loose confederations or unions with a peak body (another version for Noongar regional governance; see also Nyirranggulung Regional Authority, see Fig. 9); federated bi-cameral systems (Fig. 6); and complex combinations of these (see also Barcham 2005; Holcombe & Sanders 2005; Morphy, F. 2005a; Sanders 2004; Smith, D. 2005e).

Leaders and groups are not automatically selecting traditional language or clan-based forms as the basis for regional representation. In some cases where the geographic area of a region is sufficiently small and culturally coherent, then kin and land-based alliances are being used (e.g. Thamarrurr, Bunuba). But when the scale of the geographic and cultural region is substantial (e.g. West Arnhem Land, Yarrteen) people are designing representative structures that combine cultural, functional, and corporate components. Some dispersed communities (e.g. Noongar) are currently negotiating the difficult challenges involved in designing collective regional structures for governance to accommodate dispersed residence and communities of identity, complex representation issues, and to take practical service-delivery needs into account.

There are benefits and limits to regional governance structures. Some categories of people and groups will fit together better than others. Taking heed of the principle of subsidiarity, the different tiers of community and regional governance need to be well clarified. Competition between many smaller organisations can substantially undermine the effectiveness of regional forms of governance. These challenges have been raised in several of the case studies.

A major advantage of the federalised forms of regional governance appears to lie in their tolerance of diversity, complex identities, and the inter-dependency of groups. The twin principles of subsidiarity and relational autonomy are being used by some dispersed communities of identity and interest, to operationalise these advantages. Other advantages appear to be the potential for resource sharing, greater political leverage, and access to professional support staff.

Representation is not static. Regionalised forms of governance therefore need a degree of flexibility to accommodate changing internal conditions. Another key challenge in the construction of regional governance arrangements noted in some case studies is the lack of governance capacity and human capital in constituent communities—including institutional, financial, literacy, management, administrative, and service-delivery capacity. These weaknesses may have even more negative implications for regional organisations which have larger functional and financial responsibilities.

Moves to establish regionalised forms of governance are not recent, but with the gap left by the abolition of ATSIC and its Regional Councils a renewed investment by government will be needed to strengthen governance at the regional level. The experience across the case studies is generally that a greater government investment of resources is likely to be needed in the establishment phase of both local and regionalised forms of governance, with the objective of delivering governance and socioeconomic dividends down the line (see Barcham 2005; and policy-related case study papers of Smith, D. 2004; Sullivan 2005b).

The lack of integrated or pooled government funding and the lack of coordinated government approach to governance capacity development appears to be having negative impacts on the viability of some organisations in the case study communities. The more common approach of short-term, project-specific, silo funding arrangements prevents implementation of coherent long-term plans, and stop-start short-term funding can mean loss of capable staff from an organisation (Smith, D. 2002). Current government funding allocation mechanisms are, by and large, not set up to support regionalism as they are generally not geared to regional-level programs or implementation of broad regional plans; most address either much larger or considerably smaller administrative units. Future Regional Partnership Agreements may present an opportunity to move in this direction.

While there is growing policy recognition that 'one size' will not suit the cultural and community diversity of Indigenous groups, this does not mean that 'all sizes are equally good'. Not all structures are going to be equally useful in facilitating effective Indigenous governance. The Project will be further investigating the relative effectiveness of governance structures at different scales in 2006–07.

#### 4.4 INSTITUTIONS AND ORGANISATIONS

'Institutions' are not the same thing as organisations. Institutions are the 'rules of the game', 'the way things are, and are to be done' (Cornell 2002). Examples of institutions include the legal and judicial system, political systems, constitutions, policies, regulations, taboos, kinship systems, behavioural and gender norms, values, religious beliefs and ethical systems, ceremonial cycles and so on.

'Organisations', on the other hand, 'are composed of groups of individuals who come together to pursue agreed objectives that would otherwise be unattainable, or would be attainable but only with significantly reduced efficiency and effectiveness (Cheema 1997: 14). These groups take on enduring roles, functions, procedures and organisational structure to achieve their objectives.

To outsiders, Indigenous organisations are often the most visible expressions of governance in communities. This perception is wrong however, for Indigenous organisations are embedded within wider systems of so-called 'traditional' or 'classical' Indigenous governance. Organisations have porous social and political boundaries and are tightly linked to the Indigenous society around them.

The Project field research is highlighting the importance of both the institutional and organisational dimensions of Indigenous governance. The institutions of Indigenous community governance are both formal and informal. In our case studies, while we generally focus on one or more incorporated organisations, we are also investigating the more informal social or political systems within which they are situated. This can mean paying attention to

elements of governance which emerge from Indigenous traditions, such as the important roles of traditional owners of land in local and regional polities, the role of extended family formations, the hierarchical webs of leadership within communities and regions, and age and gender dimensions.

Even within the more formal domain of Indigenous community governance, we seldom if ever see a single local organisation covering the field. Plurality of organisations is the norm in Indigenous community governance, as is some degree of dispersal of governance roles and responsibilities. Attitudes within Indigenous communities, and amongst governments and researchers, to this dispersal of organisational governance vary somewhat, with some being more critical of it and some arguing for its benefits.

For effective Indigenous governance the answer probably lies somewhere along the middle path. As is described in the following sections, there are regions which have an extremely high rate of incorporated organisational representation, to an extent that clearly leads to competition for scarce resources and overlap in services. But there are also regions where 'families' of organisations are negotiating agreed divisions of roles and cooperative service agreements. The Indigenous design principles of subsidiarity and relational autonomy which are being identified in the research appear to assist in negotiating these inter-organisational relationships.

#### 4.5 RELATIONS BETWEEN ORGANISATIONS

In most of the community case-study locations there are several different organisations providing services in the same geographical area, and often to the same groups of people. On very rare occasions, a single organisation may deliver a wide range of community services (though one service function may dominate), and facilitate the operation of others (for example, often a CDEP, community council, art, outstation or health service). In many cases, organisations have been incorporated under different legislation.

In some of the case studies, difficult relationships between families, groups and sets of leaders are sometimes the cause of tensions between organisations. Some community organisations have overlapping board membership; others operate as the separate representative voice of particular families or factions. Still others attempt to encompass an inclusive membership of different groups in order to provide services to a broader social base. Some organisations are in a 'hub and spokes' relationship with a larger regional organisation. Some are linked historically or through a shared service-delivery focus, and view themselves as being 'one family' of organisations because of their common identity; even though that may be dispersed and socially complex. In a number of the case studies, organisations end up competing with each other for representative mandates as well as scarce community resources, government funding, and staff.

Historically, a number of the organisations participating in the Project have been through several earlier incarnations. In some cases, predecessors were larger organisations which have sub-divided to smaller groupings; in others, separate organisations have grown and amalgamated, or have significantly redefined their governance structure to better reflect their contemporary cultural identity.

There is a sense of great change in many Indigenous organisations at the moment as a result of the recent major changes being implemented by the Australian government (including the flow-on effect of the abolition of ATSIC). Some small organisations have closed down as a result of national policy changes and associated external reviews during this year, and others have taken on additional responsibilities. This impact is also confirmed at a national level by the latest ORAC annual report which notes that as a result of its 'targeted reduction' and 'de-registration program' the number of organisations incorporated under national legislation has dropped by 128 (5% of the total) (DIMIA 2005: 253–63).

A comparative analysis of the case-study organisations gives the sense that managing the external influences and relationships is a large part of what Indigenous community organisations have to do. These influences can be positive or negative. As a later section of this Report shows, an organisation's ability to network and make use of relationships with outside bodies can bring various sorts of 'capital' to them. There appear to be a growing number of 'partnership' arrangements which organisations are developing with each other (including government, private sector, Indigenous and non-government organisations (NGOs)). The work of Taylor (2005) and Ivory (2005b) with the Thamarrurr Regional Council also strongly suggests that a community governing body that has developed its own data management systems (including regional demographic, land-ownership, service delivery and funding data) is significantly better equipped to negotiate with external agencies, as well as undertake internal planning for the future.

However, outsiders can also cause problems within organisations and communities. The negative influence of 'external' players is evident in a number of the case studies: for example, in the impact of a poorly performing CEO in a community organisation; as a result of an NGO selectively providing resources to an outstation community causing jealousies in others and undermining an existing resource organisation; through a regulatory body intervening, unwittingly, in local organisational politics; by governments failing to provide adequate citizenship entitlements (such as access to clean water, adequate education services) which impede the ability of Indigenous peoples to manage their own communities; and by resident non-Indigenous staff playing politics and exacerbating factionalism within a community and between organisations. The general approach of external agents believing that they can 'fix' problems, or that they know better than local people, also undermines Indigenous engagement and trust in governance initiatives.

#### 4.6 MANAGEMENT AND STAFF

Governance is not only about structures, processes and power: it is also about human capital and resources. Sound organisational governance requires access to and management of professional expertise, financial systems, and information technology. Without an effectively resourced capacity for governance, there is unlikely to be sustained community or regional development. The design and understanding of financial management, and corporate and administrative systems is a basic ingredient of effective governance (see Dodson & Smith 2003; Sanders 2004; Smith & Armstrong 2005).

It is striking that, in a significant number of the case-study locations, the managers and other senior staff of key organisations are non-Indigenous. The high turnover of non-Indigenous senior staff in Indigenous community organisations is also striking (owing to stress, community politics, the pressures of competing Indigenous demands, high workloads, isolationism, poor cross-cultural understanding, lack of management and financial experience and skills, inadequate employment conditions and structures) (see Sanders 2006). For example, the average length of stay of CEOs in Indigenous community councils in the Northern Territory is estimated by the Local Government Association of the Northern Territory (LGANT) to be 11 months (Smith, D. 2004; LGANT 2005).

Good governance relies upon professional administration and management by competent staff who operate in terms of policy and strategies developed by governing boards and leaders, not the other way around. In some case studies, Indigenous boards have complained about non-Indigenous staff taking over policy roles and decision-making. Conversely, non-Indigenous staff have complained about debilitating political interference from Indigenous governing boards and councils in the everyday work of organisations.



The community organisations with enforceable policies and procedures that prevent leaders and boards who exercise legitimate powers from using that power for their own personal gain, and from changing the rules to suit their own interests, appear to be more effective in securing their objectives. They also appear to be organisations which retain committed staff, and which put effort into developing the professional capacity of their staff (whether they be Indigenous or non-Indigenous). Yarrteen Corporation is such an organisation; it has retained an extraordinarily stable and highly committed group of senior managers (both Indigenous and non-Indigenous) and it has a record of successful economic development outcomes (see Section 5).

To a certain extent, the issue is not one of Indigenous or non-Indigenous staff. Often the reality for community organisations is simply being able to get any professional staff to work in their communities. But most importantly, the issue is one of governance and agreed separation of powers—who calls the shots?

Preferably, leaders and boards should make the overarching policies, enforce institutions, and provide strategic direction. Leaders and governing boards should not be routinely interfering with the daily implementation of those policies by their managers and staff. The governance histories of some of the case-study communities are indicating that the insertion of local Indigenous politics and the interests of powerful leaders into the day-to-day business of an organisation, can contribute to a high turnover of staff and undermine their management role.

Often Indigenous governing boards place a great deal of trust and reliance in their non-Indigenous people. Where that is justified, and where these non-Indigenous management and staff respond to Indigenous priorities and policies, they can bring important skills to an organisation which it might otherwise not be able to find in the local population. This is especially the case for small communities.

However, there are also risks in having a predominance of non-Indigenous people in key management roles. The direction and strategies an organisation pursues may come to reflect non-Indigenous priorities, and there may be a debilitating loss of direction when key people move on.

Given their current vital role in many community organisations, there is a strong argument to be made for improving the governance and training skills of non-Indigenous management and staff, in conjunction with Indigenous management and governing boards. Sanders (2004, 2006) argues that this should include consideration of how 'isolated managerialism' in Indigenous community governance can be overcome through mentoring, training and other support networks. This requires, in turn, that program funding and employment contracts for community managers should facilitate the time needed by managers to undertake their own ongoing professional development, and to provide governance and related training to their staff and governing boards.

#### 4.7 DECISION-MAKING

Decision-making processes in community organisations are embedded in historical, cultural and political relationships. The fieldwork reports indicate that governance often operates within the highly-charged environment of community politics. Indigenous decision-making cannot be understood without having a real grasp of such local complexities, and the history of personal and group relationships involved.

In general, consensus modes of decision making seem to be preferred across all the case study communities, often after there has been a canvassing of issues amongst all present. Even though leaders may speak strongly, their ideas are subject to vigorous consideration by others; and not all leaders are equal in their power and influence (see Ivory 2005a, 2005c). In some case studies, senior leaders are not on the councils or governing boards of organisations at all, but still influence decisions and keep a watching brief. In these circumstances, organisational decisions sometimes need to be checked with a wider set of leaders. In other words, many communities have a web of decision makers, and organisations must often negotiate their way through this network.



Community leadership—and hence decision making—in all the case studies is dispersed across extended family, language, ceremonial or land-based groups. In certain settings, particular groups and individuals have more involvement in making decisions than others, and in that setting exert greater power than others. The power of individuals and groups can also be enhanced or undermined by the actions of outsiders (wittingly and unwittingly).

Consensus, of course, takes time. The case-study evidence suggests that decision-making can be delayed or confounded by several factors including lack of information, communication difficulties (especially where cross-cultural communication is required), contradictory objectives, and different governance concepts. In some instances, people's lack of understanding of corporate governance requirements may mean that decision-making is necessarily slow, as people clarify areas of confusion and overcome related anxiety. This is especially the case where levels of literacy and financial literacy are low. Some younger people have a better understanding of western governance concepts which is partly why they are often put forward onto boards and councils.

The organisations perceived to be successful by their members tend to have shared values which they reinforce and nurture through their board and staff. These shared values are the 'rock' on which the organisation is built. Where these exist and where there is good communication, both among the board members and between them and the staff and members, organisations experience less conflict and are better able to enforce their decisions, than when communication and trust is weak. Communication is weaker where it relies solely on informal processes, and miscommunication may result. Resolution of conflict is also made easier where there are agreed procedures and tools which everyone is aware of. Such mechanisms may be used for conflicts internal to the organisation and for resolving conflicts in the community itself.

#### 4.8 LEADERSHIP

In every case study leadership is extremely complex, characterised by being socially dispersed, hierarchical, and context specific (with ceremonial, organisational, familial, residential, age and gender dimensions). Furthermore the concept of 'leadership' itself, as understood in the non-Indigenous world, is foreign or unknown in some remote communities. In some case-study communities there is no precisely equivalent word in their languages. *How* leadership is exercised may also be very different, and may not be recognised by non-Indigenous players, causing difficulties for the communities. In other contexts, non-Indigenous people approach Indigenous people proficient in English language with whom they can communicate easily. These may not be people the community regard as leaders.

Importantly, there are overlapping webs of leadership and authority in communities and regions. One can see in many of the participating communities, that organisations are associated with particular sets of leaders from certain families so that one can almost trace a genealogy of leadership over time.

Leadership may be conferred on people based on a range of criteria. These may include an inherited right to leadership within a local cosmology; passing through various life stages; demonstrating personal qualities considered necessary, such as fairness and 'looking after' people; and their performance in other domains, including whether they can operate in the non-Indigenous world on their community's behalf. There are strong norms about negotiation and consultation; leaders are expected to come back to their community constituents to discuss information and ideas with them. The communication and interaction between 'leaders' and community members is seen to be very important in sustaining their legitimacy (Ivory 2005a, 2005b, 2005c).

Case-study examples indicate that the values of an organisation have to be demonstrated by its leaders. They are expected to act according to the values which people believe are appropriate. A recent survey (Kilgour 2005a, 2005b) of Indigenous women's expectations of leaders in the Northern Territory indicates that the qualities which are perceived to make good leaders are:

- Strength—courage, resilience and determination
- Respect—for elders, knowledge and culture
- Impartiality—being neutral, fair, objective and balanced
- Inclusive and representative
- Coherent—logical, rational, consistent, and articulate, and
- Having integrity—honest, truthful, transparent and reliable.

Versions of these qualities seem to be widely supported across the case studies as the desirable qualities in Indigenous community leaders. It may well be that different qualities are sought from leaders operating at State, Territory and national levels of the governance environment.

Leaders in every case-study community appear to experience huge pressures upon themselves, from all quarters. Leaders have to work constantly to manage expectations, especially from their countrymen or families. This inevitably creates a difficult tension for individual leaders between family/kin who partly judge a leader's legitimacy on the basis of their providing assistance on demand, and external views of such behaviour as nepotistic, corrupt and therefore illegitimate. Some step back after particularly intense periods of leadership (for example, by going away for a while, or taking a break). Sometimes leadership is deliberately rotated to share the load, and perhaps the greatest success comes when a group of leaders comes together in a community or region, and support each other (Ivory 2005a; Smith, D. 2005g).

The research also shows that competition or disputes over leadership (perhaps from different clans, families, organisations, or sometimes even from within the same family) can cause major rifts within communities. Regional rivalries and alliances also impinge on community and organisational governance. In such cases we might distinguish between 'leadership' and 'power'. These are really power struggles within groups for leadership and control. Exerting power is different from exerting leadership. Thus leadership can be fractured, or the burden of leadership may be so great that capable people feel unwilling to step forward, in which case there is no real leadership for people to mobilise around. It is certainly clear that issues of unresolved conflict and competition between leaders and groups can disable the effectiveness of a good organisation.

Some organisations are paying greater attention than others to the issue of youth leadership and succession. For several, it is a focal point for working through new approaches to strengthening the role of younger people in governance. For others it is a product of realising that when effective leaders retire or leave, an organisation can quickly fall to pieces if there is not a leadership transition plan. However, finding younger people prepared to develop themselves for future leadership roles is not easy. In one case, where younger people were given leadership roles in community governance it was because older people realised that new skills were needed. But they watch over younger protégés, and at times intervene quite assertively in certain important decisions (especially relating to land and culture).

Some organisations are experimenting with 'apprenticeship' arrangements on the board, and with leadership development through schools. In one of the most successful organisations, the senior managers had participated in leadership training. Mentoring for emerging leaders has been identified as an important gap in organisations and communities.

## 5. COMMUNITY GOVERNANCE AND SOCIOECONOMIC DEVELOPMENT

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### 5.1 INTRODUCTION

Behind the interest in effective Indigenous community governance lies a broader concern for the improved socioeconomic well-being of Indigenous people. The Harvard Project on American Indian Economic Development (Cornell 1993; Cornell & Kalt 1995) identified three overarching preconditions for strong Indigenous governance, which they associate with economic success:

- (a) 'de facto sovereignty' or 'self-rule'; that is, genuine decision-making power
- (b) effective governing institutions; that is, groups must also be able to exercise authority or decision-making power effectively
- (c) 'cultural match'; that is, for governing institutions to be effective they must be legitimate in the eyes of the people they serve.

Internationally, the World Bank has also found that there is a 'development dividend' from good governance, even in quite poor countries (Kaufmann, Kraay & Mastruzzi 2005). In Australia, there is evidence that weak Indigenous governance capacity is a contributing reason for the poor socioeconomic outcomes in Indigenous communities. However, there is also evidence in Australia that weak governance capacity by government itself contributes to poor socioeconomic outcomes (see, for example, House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs 2004; Aboriginal and Torres Strait Islander Social Justice Commissioner 2003; Department of the Prime Minister and Cabinet 2004). The impact of the wider governance environment is taken up elsewhere in this report.

The case-study research reported in this section specifically explores the relationship between Indigenous *community* governance and socioeconomic development outcomes.

### 5.2 THE IDEA OF GOVERNANCE CAPITAL

International development research suggests that while good governance contributes to positive development outcomes, it is by no means the sole determinant (Kaufmann, Kraay & Mastruzzi 2005). Investments in infrastructure, communications, health, education and other prerequisites for economic growth are also necessary, and geography may define certain structural limitations (Sachs 2005). Sachs suggests that there are several types of capital simultaneously needed for economic development. 'Institutional capital', which would include governance, is only one. Therefore, one might not expect to find a perfect correlation between good governance and socioeconomic success, since other factors relating to access to other forms of capital may be equally important at particular stages of development. However, the Project hypothesis is that it may be that effective governance is a prerequisite for mobilising other forms of capital, and that 'good governance' provides better conditions for that capital to be developed and sustained.

Sachs (2005: 244–45) suggests that the extremely poor lack six different types of capital, yet a combination of these 'capitals' is needed for successful development:

- a) *Human capital*: health, nutrition, and skills needed for each person to be economically productive
- b) *Business capital*: the machinery, facilities, motorised transport used in agriculture, industry and services
- c) *Infrastructure*: roads, power, water and sanitation, airports and seaports, and telecommunications systems that are critical inputs into business productivity
- d) *Natural capital*: arable land, healthy soils, biodiversity, and well-functioning ecosystems that provide environmental services needed by human society
- e) *Public institutional capital*: the commercial law, judicial systems, government services and policing that underpin the peaceful and prosperous division of labour<sup>11</sup>
- f) *Knowledge capital*: the scientific and technological know-how that raises productivity in business output and the promotion of physical and natural capital

He also implies a lack of financial capital, but sees a package of the above capitals as necessary to help generate it. Other writers might add a seventh category:

- g) *Social capital*: the networks of trust and mutuality among members of the society (Putnam 1995; Hunter 2004).

Project research suggests that a particular combination of knowledge, institutional and social capital create what may be called:

- h) *Cultural capital*: that is, the world views and social systems which reproduce the collective identities of particular cultural groups. The concept of cultural capital goes further than the concept of social capital, in that it draws attention to networks of shared identity, epistemologies and cosmologies (see Daly & Smith 2003).

Sachs (2005) argues that where the population is growing faster than their capital is increasing, the poor remain trapped in poverty and can become even poorer. This experience seems relevant to Indigenous Australia, where, despite some areas of progress, there is always a sense of the 'intractability' of poverty. This may indeed be because investments in infrastructure and human capital in particular (e.g. housing, health, education) are not keeping pace with the rapidly increasing, and at times under-enumerated, Indigenous population. Taylor and Stanley's (2005) study in the Thamarrurr region of the Northern Territory certainly draws attention to that issue.

Taylor has commented that the time-lag in response to identified needs often means that governments are in a constant state of catch-up. This has considerable ramifications where a population is growing very rapidly<sup>12</sup>. But the question remains, do Indigenous communities need to wait until these investments in human and infrastructure capital are made before they can achieve sustainable economic development outcomes? And can investment in building governance institutional capital act as a catalyst for mobilising other forms of capital need to underwrite economic development?

The Project case studies are revealing that where there is very strong governance and management in Indigenous community organisations, they are able to achieve socioeconomic outcomes by utilising the forms of capital that are available to them, despite the fact that there are significant capital deficiencies in other areas.

For example, the new whole-of-government environment and the changed Indigenous governance arrangements at Thamarrurr (established prior to the Council of Australian Governments (COAG) trial) are creating the conditions under which the community and its leaders have been able to come together to access the necessary information and mobilise the research and political commitment to generate an investment of greater resources for areas such as education, housing, youth and families. In Newcastle, the development of a very strong internal 'governance culture' within the Yarnteen set of organisations is linked to their ongoing economic success. In other contexts, where governance is less strong, and other forms of capital are as under-developed as they were at Thamarrurr, communities have not been able, as yet, to turn any potential for socioeconomic development into reality.

Obviously, the preferred condition for sustained economic development is where communities possess and can mobilise the full range of capital. In most Australian Indigenous communities this is not yet the case. As noted elsewhere in this Report, poor education and health status presents a particularly strong impediment to effective governance (Howard 2005; Northern Territory Department of Education 1999). Under these conditions, the research is highlighting the fact that focusing on getting strong legitimate and effective governance appears to enable communities to make headway in generating and sustaining real improvement in their economic outcomes. In other words, there may also be a form of 'governance capital' we can add to our understanding of how socioeconomic and cultural well-being can be promoted. This 'governance capital' seems to be related to the way existing cultural capital is drawn on in developing the governance relationships and structures. However, this is an area which requires further exploration.

### 5.3 FACTORS UNDERLYING ECONOMIC SUCCESS

Two case-study locations stand out in terms of economic success to date: Yarnteen Aboriginal and Torres Strait Islander Corporation, in Newcastle, and Bawinanga Aboriginal Corporation (BAC) in Maningrida. Clearly, these are very different locations with quite different opportunities for socioeconomic development. But they also share some similarities. A third, Bunuba Inc., has significant financial holdings on paper, but capital returns to the organisation are sporadic (for more details see Appendix D).

Yarnteen Aboriginal and Torres Strait Islander Corporation has been able to leverage and combine successfully various forms of capital (e.g. institutional, human, financial, cultural and natural) so that it is now in a strong position with a range of inter-related economic enterprises. Its long-term use of the CDEP scheme as a pathway to assist it to develop human capital through an in-house training scheme is one such example.

Yarnteen puts its economic development success down to its sustainable governance, its organisational and management stability and skills, its awareness of enterprise realities and opportunities in the wider environment, its hard-headed risk appraisal of opportunities, ongoing review of its portfolio and strategic plan, promotion and marketing of its business/management capacity and services, and being 'on the front foot' with new technology. This assessment runs through the entire organisation, and is confirmed by external stakeholders. The 'intangibles' of shared values and commitment, which are constantly reinforced, have been important, and the organisation reflects a balance between stability on the one hand and openness to learn, adapt and innovate on the other (Smith, D. 1996; Smith & Armstrong 2005).

BAC at Maningrida in the Northern Territory began as a resource centre for people returning to live on their country, through provision of basic housing<sup>13</sup> and services (e.g. water, sanitation, communications, roads). Having met its initial goals, it has over more recent years turned its attention to the development of enterprise and regional economic development, whilst still maintaining a focus on land, language and cultural goals which have always

been at the heart of its work. It is currently listed by ORAC among the top five income-generating Indigenous organisations in Australia (DIMIA 2005), which is a major economic success given the well-documented obstacles to establishing viable enterprises in remote communities.

BAC has utilised natural, cultural (both traditional and scientific), and human capital, combined with the necessary business capital (e.g. land and sea transport) to generate economic development. BAC's success emerges from its strong traditional owner base and customary governance institutions which result in political stability in the Indigenous realm, combined with a very capable and stable non-Indigenous management team over more than a decade, who combine knowledge of local politics and culture with experience and exceptionally good project management skills.

While Yarnteen has emphasised services and activities in the public and private sector for its economic development (utilising commercial as well as soft loans), BAC has used public-sector programs as the launching pad for private-sector activity— small-scale service industries, sales of art and sustainably harvested produce. It has also utilised commercial loans.

Much of the prerequisite infrastructure capital was already in place in Yarnteen, and over time has been improved in Maningrida. In both cases, the organisations have actively developed relationships with outside agencies to assist them move towards their goals. In Yarnteen's case, it seems that very strong governance, entrepreneurial leadership and sound management have enabled latent economic opportunities in Newcastle and the surrounding region to come to fruition and be sustained in a tough business world and a changing policy environment.

The factors which seem common to the *sustained* economic success of both organisations are their leadership vision; the strength of their internal governance culture which in both cases is culturally based and contemporarily relevant; their ability to link together resources and opportunities in creative ways (including research support); and their strong, stable management. That is, they successfully combine various types of capital to generate strong governance for economic development.

Bunuba Inc is developing the basis of a sustainable economic future through investments in a range of assets (among them cattle stations, hotels, a supermarket and petrol station and they are in the process of negotiating a mining agreement). These investments have yet to yield a regular income stream and Bunuba Inc is now developing an agreed structure for a trust-like entity to manage royalties and profits when they materialise. The organisation has already drawn up a comprehensive Strategic Plan, which would guide the investment priorities of such a trust.

Bunuba has developed a governance structure congruent with its cultural context, has significant land holdings, and has been able to draw together the financial capital, the skilled people, and the ability to 'strike a deal' because of the strong leadership evident there.

#### 5.4 FACTORS UNDERLYING DIVERSE SCENARIOS

In most of the other case-study locations Indigenous organisations are involved with some level of economic activity, but it has not reached the scale or sustainability evident in the two foregoing cases, or the potential at Bunuba.

In small towns, many of the urban and household services are provided already by non-Indigenous businesses (though opportunities may still exist in specific niches or in providing services specifically tailored to the Indigenous residents). This includes services currently contracted out by local government. However, BAC has also shown that market competition between Indigenous organisations can be sustained in remote locations.



Although the potential for more economic development may exist elsewhere (e.g. Thamarrurr), it has not yet been realised perhaps because past and current energies are focused on developing governance and human capital. In Thamarrurr, now that the new Council judges its governance structure and arrangements are strong enough, they are advocating a greater focus on economic development on outstations and in the township. This suggests that the idea of 'good enough' governance to make progress (Department for International Development 2005) is valid, with further socioeconomic development likely to feed back into future governance in a positive way.

In another case (Wiluna) mining companies are contributing to some improvement in employment opportunities for Indigenous people in the shire. For example, one of the large mining companies made 16 traineeships available for local Indigenous people in 2005 and plans a second intake of a similar size in 2006. This has undoubtedly come about through business needs for labour in a booming industry, the need to have a continuing 'social licence' to operate in that area, and a commitment to invest in Indigenous employment as part of a broader company approach to community development and reconciliation.

However, the fragmented and dispersed Indigenous governance in that town, and the absence of an Indigenous organisation or network with the capacities for economic development found at Yarnteen, BAC or Bunuba, may mean that different strategies will need to be developed to generate the potential for economic development related to the mining industry to benefit Indigenous people living in Wiluna, and to realise any opportunities identified.

In a small number of case-study areas, failure to manage assets in a way deemed appropriate by both internal and external stakeholders has meant that community members have lost economic assets and opportunities, or are at risk of losing them.

However, it is important to recognise that the research indicates that in some locations Indigenous aspirations for economic development differ considerably from those of non-Indigenous people. For example, there may be different views about the extent to which people should engage with various industries, or relocate to take on full-time employment (see Altman 2005; Morphy, F. 2005b). Indigenous interests in developing the customary economy may not be acknowledged or fully supported by governments under new policy objectives. For example, referring to BAC, Altman (2005: 6) notes 'The agency of members in vigorously pursuing a livelihood dependent on a mix of customary and market activity on country, underwritten by some income support... cannot be underestimated'. The ICGP is keen to more fully investigate the possibilities which the synergy between Indigenous people's customary obligations to care for country, and a range of economic development and national interest opportunities presents—especially in the context of the broader regional, national and local benefits of homeland/outstation residence.

From the comparative analysis of the case studies, it seems that critical factors in the link between governance and socioeconomic development outcomes are:

- strong visionary leadership,
- strong culturally-based institutions of governance,
- sound, stable management,
- ability to network strategically into the wider regional and national economy,
- existing prerequisite infrastructure substantially in place, and
- access to relevant ongoing training opportunities.

Further research will help 'unpack' the specific prerequisites and the important dimensions of governance which can strengthen socioeconomic development.

In a rapidly growing population, such as the Indigenous population in Australia, the Project case studies emphasise the need for increasing investments in the various types of capital described here (and by Sachs and others) to prevent a situation in which economic development stagnates or goes backward. It is noticeable that in those communities in this study where there are known substantial capital under-investments, organisational attention to socioeconomic development has not progressed as far as in other areas where such capital investment is in place.

The research also supports an argument for putting initial investment into developing strong, capable governance and management of Indigenous community organisations, fostering more effective mobilisation of capital and economic development opportunities by creating a credible investment environment, and capable decision-making for enterprise development.

There are, at the same time, some emerging indications that, in locations where people have a sense of ownership and control of assets (whether that is land, or the necessary infrastructure and other inputs for economic development), their sense of commitment to and control of these assets means that they work at strengthening their governance. This has been described as a virtuous spiral of capacity development (Hunt 2005a). The best example of this is Yarrteen, where the asset base has grown substantially over the years, and the organisation has simultaneously put substantial effort into its financial and management skills (Smith & Armstrong 2005). At BAC a similar picture emerges, although there, while the strategic governance direction appears to be driven strongly by Aboriginal people, the management is more dependent on senior non-Indigenous people who are extremely responsive to Indigenous direction (Altman 2005). At Bunuba, where Aboriginal people have control of land and some control over other investments, there are also indications of strong governance engagement. This is sometimes evidenced by conflict (in the context of a high tolerance threshold for conflict) in relation to significant decisions about those assets (Thorburn 2005a). However, there is not at this point unequivocal evidence across sufficient sites to be able to make strong assertions about the strength of this relationship between control of assets and development of good governance. It remains a question to explore further.

## 6. THE GOVERNANCE ENVIRONMENT

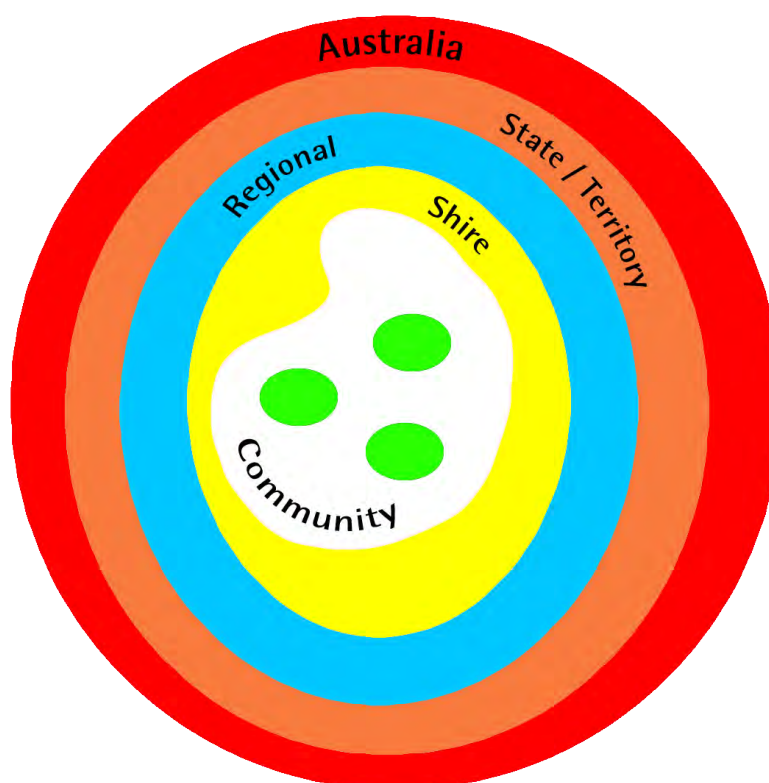
### 6.1 THE CONCEPT

A major issue raised in every case study is the considerable impact the wider 'governance environment' is having on the effectiveness of Indigenous community and regional governance.

The governance of Indigenous communities and their organisations operates within a complex environment that stretches across community, regional, State, Territory and Federal layers. The Project has developed the concept of the 'governance environment' to refer to this aggregate of surrounding systems, structures, forms of capital, players, conditions, resources, networks, and webs of relationships.

Fig. 2 illustrates, rather simplistically, a community in its 'governance environment' consisting of several dimensions of government. Each layer includes government, private sector players and NGO parties who are all very significant in their local impacts on Indigenous governance arrangements. The ovals in the centre represent organisations, extended families, clans and other Indigenous social and culturally-based structures within an Indigenous community. Each surrounding layer contains its own complex systems, entities and agents, and there are usually extensive lines of interaction between players, and with the Indigenous community and/or organisation(s) at the centre.

**Fig. 2. The governance environment of Indigenous communities**



There are histories to the relationships between key players and organisations which intrude into, and influence, contemporary events and decisions. Not all relationships and players are equally powerful within the governance environment—jurisdictional power, decision-making authority, resources and property rights are unevenly distributed.

In the real world the very idea of a bounded and clearly defined community or region is open to question, and the dimensions of the governance environment are not spatially or conceptually separate. For example, in many discrete remote communities, the 'state' has a visible presence on the ground, in the form of government offices and infrastructure, service-delivery agents, and visiting bureaucrats. In reality, these layers are permeable and penetrate each other. Individuals, groups, social systems, organisations and other entities are linked within and across these broad dimensions (see Fig. 3). The eight COAG trials represent a particular expression of this 'connected' governance environment.

The different 'governance cultures' that operate across the layers of this environment exert a significant impact at every level, and on the interactions between them. International and national experience in developing capacity and training for governance indicates that the informal norms or 'intangibles' that give form to these different governance cultures are extremely durable and influential factors (Hunt 2005). The Project research is confirming that the institutional basis of governance cultures is a critical factor in governance effectiveness (see Section 8). These 'intangibles' comprise the unwritten institutions, accepted values, norms, communication styles, social systems, political processes, and practices which create specific 'cultures' in different social groups and organisations (Cornell 2002; Hunt 2005a; Smith, D. 2005f). Thus there are very different governance cultural environments operating within different Indigenous families, communities and organisations, as well as within different non-Indigenous organisations and organisations (e.g. such as the varied governance cultures of different government departments, within the public sector, within private sector companies, and NGOs).

The interactions between Indigenous community organisations and non-Indigenous organisations occur in the context of these often quite different governance cultures where strategies and priorities vary according to the values, norms, communication styles, processes and practices of each. One prerequisite of meaningful interaction between the different governance cultures is the requirement for a sensitive mutual understanding of the differences among the various players. This is not easy to achieve.

Whatever the limitations of these particular figures, a key lesson from the research to date is that efforts to improve the effectiveness of Indigenous governance at the local level will also need to focus considerably more attention on the wider governance environment and the extent to which it is either enabling or disabling Indigenous governance efforts. At this point in time, major policy changes being initiated from the wider environment appear to constitute a major challenge for Indigenous governance at community and regional levels. In such circumstances, Indigenous capacity to manage or adapt to a rapidly changing external environment, coupled with internal governance resilience, are key attributes for the ongoing viability of community organisations.

## 6.2 THE COMMUNITY AND REGIONAL 'GOVERNANCE ENVIRONMENT'

The ICGP Field Reports indicate that Indigenous organisations and leaders are operating within complex, highly politicised community environments—characterised by shifting family and group alliances and tensions, webs of social support and resource redistribution, and a multiplicity of agencies and organisations all competing for constituencies and scarce resources (see also Lange 2005b; Sanders 2006; Sullivan 2005b). Organisations, families and leaders within communities have equally complex connections into the surrounding region (see also Morphy, F. 2005a).

**Fig. 3. The dimensions of the governance environment****The systems, agents, networks and relationships****Dimensions of Governance****Enabling/Disabling Environment**

— *National, State & Territory*  
 Creating and reproducing political, civic, policy, legal, economic, resources, service-delivery frameworks & systems

**Inter-organisational**

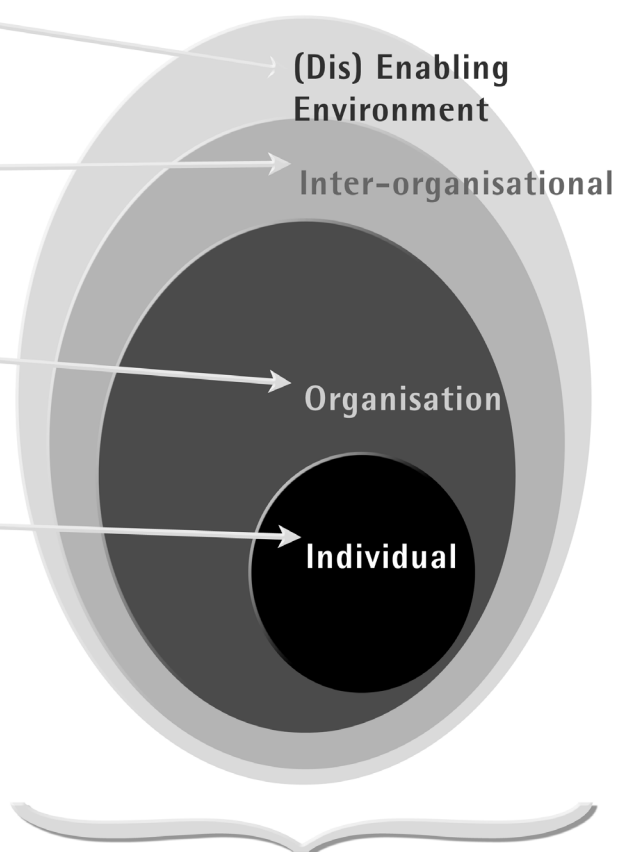
— *Regional and community*  
 Creating & reproducing networks relationships, partnerships & hierarchies between organisations, groups & communities

**Organisation & Entities**

— *Groups of People*  
 Creating & reproducing structures, institutional capacities, financial & administrative systems, procedures & processes

**Individual**

— *Within groups, organisations, communities*  
 Participation, voice, personal abilities & knowledge, leadership, motivation, attitudes, roles, responsibilities & relationships



**Governance Cultures—values, norms, institutions and practices —exist in all dimensions.**

This governance complexity at the community and regional-level is mirrored by a different kind of complexity at the State/Territory and national levels. Communities and their organisations within a region are subject to the policy, regulatory, legal and funding regimes of the State/Territory and Australian governments. In most regions there are several major government agencies and regional government offices operating out of a 'central' service town, delivering services and funding to other smaller communities and organisations within their variously defined regional boundaries. As with the community and regional layers of this governance environment, the 'government' layers are characterised by their own internal tensions, alliances, institutions, silos, and competing objectives.

The dimensions of the governance environment are dynamic and change in important ways from region to region. These changing characteristics need to be taken into account by the various players concerned with building Indigenous governance (see Appendix E for a regional example from Central Australia).

The regional and community environment currently sits within a rapidly changing national and State/Territory environment which will now be described in some depth, as it has undergone rapid change since mid-2004. The ICGP Field Reports indicate that these changes are affecting the community organisations in our case study locations.

### 6.3 THE NATIONAL POLICY ENVIRONMENT

The new 'whole-of-government' policy arrangements set in motion by the Australian government in 2004 were being implemented during 2005, in parallel with State and Territory-based policy changes (Office of Indigenous Policy Coordination (OIPC) 2005a). These new arrangements are being backed by high-level political support through a Ministerial Task Force and Departmental Secretaries Group. Much of the public focus of Australian government policy and programs has shifted to Shared Responsibility Agreements (SRAs) and, more recently, Regional Partnership Agreements (RPAs). However, the policy is far broader in intent. The goals are to coordinate policy implementation and achieve 'seamless delivery of Indigenous services' across governments, including across State and Federal jurisdictions. The new policy emphasises 'whole-of-government' approaches, coupled with concepts of self-responsibility and mutual obligation (Shergold 2005).

To implement the new whole-of-government policy approach, the Australian government has established Indigenous Coordination Centres (ICCs) in 30 locations across the country whose role is to coordinate 'Indigenous-specific programs', and 'negotiate regional and local agreements' (OIPC 2005a: 15). At present, the SRAs with communities are taking priority, and there are now approximately 120 of these (Vanstone 2006) and only one regional agreement. The SRAs are meant to deal only with discretionary expenditure, not citizenship entitlements. However, it is not clear that this line is as easy to draw on the ground as it is in theory (McCausland 2005). Sullivan (2005: 15) concludes that 'concentration on signing up SRAs has distracted the ICC managers in their first year of operation and has led, at best, only to a 'suspension of disbelief' among the Indigenous groups whose cooperation is required'. Sullivan (2005: 9) argues that simple SRAs, which have not learned from earlier lessons in community planning for development, cannot replace the need for 'more robust whole-of-government arrangements' with integrated sectoral and cross-sectoral programs which tackle the interrelated sources of governance problems in Indigenous communities.

Existing regional arrangements through ATSIC Regional Councils were dismantled by the Australian government on 30 June 2005. Since then, the Australian government, in most cases jointly with State and Territory governments, is consulting with Indigenous representatives as to the kinds of regional structures or networks they might develop in order to interact with governments in the future. In June 2005, Minister Vanstone announced that such representative arrangements had been agreed in 10 of the 35 former ATSIC regions. These arrangements, she said, 'act as the interface between communities and governments. They will help articulate community views and provide a framework for contributing to Regional Partnership Agreements' (Vanstone 2005).

Currently, however, there are no identified Federal resources provided to Indigenous people to assist them to develop new regional representative structures or networks, or to negotiate the complexities with which they will be faced in this new environment. There is as yet only one RPA, signed in August 2005 with the Ngaanyatjarra Council in Western Australia (see below).

Generally, much is open to debate about future impacts of the new national policy environment, including the boundaries of any proposed regional structures or networks; who is authorised to speak on whose behalf about what sorts of issues; whether they might cross jurisdictional boundaries to better reflect Indigenous cultural



boundaries; and how future regional structures will be funded. Sullivan (2005: 15) cautions that developing effective regional governance arrangements will confront 'some of the most pressing problems of authority and legitimacy in Indigenous areas'.

The eight COAG trials set up in 2003 are continuing, although there has yet to be any systematic evaluation of the progress being made in these pilots. Until that occurs there is a lack of transparency about the extent to which they might be generating models of engagement and coordination that can be transferred to other community settings. At Thamarrurr, one of the COAG trial sites which is also a case-study site for this Project, CAEPR was engaged to prepare baseline indicators of population and socioeconomic conditions against which subsequent change could be assessed (Taylor 2004). This exercise identified significant deficits in economic activity, infrastructure and human capital in the community, and led the COAG partners to commission a further study of the opportunity costs of the status quo (Taylor & Stanley 2005). The research found there were shortfalls in expenditure, especially in education, and a very high opportunity cost of the present state of affairs. In April the Prime Minister visited Thamarrurr, and the Australian and Northern Territory governments announced additional funding for education and housing. The research indicates that the cost of governments' historical under-investment in Indigenous communities is not borne solely by Indigenous people, although they bear the greatest burden; there is a major cost to the whole nation in terms of reduced national output.

The Northern Territory government was the first State/Territory government to sign a bilateral agreement with the Australian government which, among other things, addresses Indigenous governance and capacity issues (see more detail below). Queensland has also signed a bilateral agreement, and other State/Territory agreements are being negotiated. The Queensland agreement includes providing communities with 'greater access to information about themselves' and measures to 'streamline processes, increase funding flexibility and better target services' to Lockhart River, as well as further collaboration around Cape York and Palm Island (Howard & Beattie 2005). These agreements indicate inter-governmental moves which could have positive governance benefits on the ground. At this point in time, however, the agreements are largely bilateral, not trilateral (with Indigenous representative organisations). The increased focus on negotiation of RPAs affords a potentially important mechanism for trilateral agreements about governance-related issues.

Other significant policy changes at the national level affect the operation of the CDEP scheme and Aboriginal legal aid. The Australian government has also sought changes to communal land title to allow leaseholds on Aboriginal land, and introduced additional amendments to the *Aboriginal Land Rights Act (Northern Territory) 1976*. It is also replacing the *Commonwealth Aboriginal Councils and Associations Act 1976* with the *Corporations (Aboriginal and Torres Strait Islander) Bill 2005*, to come into effect on 1 July 2007. At the same time, there are ongoing changes being made to the Australian government's funding of Indigenous programs and services.

In a number of jurisdictions there are parallel and consequential changes occurring as State/Territory governments also develop new policies and approaches to Indigenous affairs. The implications of these changes in two major State/Territory jurisdictions with which this Project is currently concerned are summarised below. Other processes will have significant impacts on the future of Indigenous governance in NSW and Queensland. These include the review of the *NSW Aboriginal Land Rights Act 1983* and land councils; and in Queensland various reports on the state of community governance, and the introduction of the *Local Government (Community Government Areas) Bill 2004*.

Considered in combination, this comprises an unprecedented degree of change and transitional uncertainty in the governance environment within which Indigenous communities and their organisations are operating.



## 6.4 THE WESTERN AUSTRALIA POLICY ENVIRONMENT

In Western Australia, a Cabinet Standing Committee on Social Policy addresses a range of issues concerning Indigenous people, including aspects of Indigenous governance. A Human Services Director General's Group provides advice to the Cabinet Standing Committee, and a working party of government ministers also oversees specific Indigenous initiatives.

Currently the government is developing a State strategy on Indigenous affairs. The strategy's principal aim is to improve the coordination of government policy development and delivery of services to Indigenous people to accelerate effort in reducing Indigenous disadvantage. The strategy focuses on achieving better outcomes in six areas, including improving the governance capacity of Indigenous communities and organisations, as well as the capacity of government to work with Indigenous people. The current Western Australia government structures and arrangements for administering Indigenous affairs will be reviewed through the strategy, with the intention that a lead agency be identified to develop and support Indigenous governance.

Additionally, the Western Australia government is negotiating an agreement with the Australian government regarding the administration of Indigenous affairs in the State following the abolition of ATSIC in 2004, and the dissolution of ATSIC Regional Councils in June 2005. One area for negotiation concerns how both governments will work collaboratively to improve the governance capacity of Indigenous communities and organisations. The two governments have been undertaking joint consultations around the regions about future arrangements for Indigenous representative structures in Western Australia. Some early models are emerging from this process, but the extent of resources and funding available for the process remains uncertain.

For example, the first RPA in Australia was signed by the Ngaanyatjarra Council, the Australian and Western Australia governments, and the Shire of Ngaanyatjarraku in August 2005. It recognises the Ngaanyatjarra Council as the representative body for that region (a status that requires subsequent endorsement from the member community councils). The agreement covers some 2,500 people in 12 communities of the Ngaanyatjarra Lands in the Central Desert region. The agreement also states that the Council and the Ngaanyatjarra people will 'work together to improve services, reduce red tape, develop a 20–30 year vision and investment plan for the area and develop meaningful representative arrangements' (OIPC 2005b).

A 'portfolio' model has been put forward in the Midwest-Gascoyne region, in which a regional forum has been created with portfolio groups working in areas such as housing and health, education, training and employment, women and youth. Representation on these groups will come from peak Aboriginal bodies working in the region on the relevant issues. An agreement in the West Kimberley is also close to fruition. For other regions, progress is slower, as people work through the options for the most suitable form of representative body for their region. The question of whether more facilitative support and resources are required remains a critical one, since regional structures are unlikely to emerge without such assistance.

Several recent Western Australia government reviews and inquiries have drawn attention to Indigenous community governance and highlight the need to better understand and strengthen Indigenous community governance (Gerritsen, Crosby & Fletcher 2000; Department of Indigenous Affairs (DIA) 2002: 24; Government of Western

Australia 2002; OIPC 2005a; Western Australian Government 2002). The Western Australia government has a number of projects in place or being negotiated to this end, notably:

- the Tjurabalan COAG trial
- the Wiluna Development Project
- the Community Action Groups in south-west Western Australia among the Noongar community
- a 'place management' approach in priority community areas, and
- an agreed approach with the Australian government and the Beagle Bay community to improve local governance capacity.

In addition, various Western Australia government departments have developed approaches to governance, community and leadership development. For example, the Department of Local Government and Regional Development has responsibility for governance development and has leadership development programs with an Indigenous focus. The Department for Community Development assists the Indigenous organisations it funds to develop their governance capacity, and also has a number of community 'capacity builders' to work with families. Support for governance training is also provided by DIA, Department of Housing and Works, TAFE and other agencies, and ORAC provide governance training to organisations funded under the Commonwealth ACA Act. The proposed Western Australia Indigenous strategy aims to create an integrated approach across departments for developing Indigenous governance capacity.

A major concern of the Western Australia government is the problem of 'communities in crisis' where organisations collapse, leaving their functions paralysed and the community without relevant services. Often such community organisations shoulder responsibilities broader than most local governments, and do so in a complex legislative and funding environment ill-suited to their needs (i.e. as incorporated associations under State or Commonwealth law, managing multiple discretionary grants rather than a single legislated resource base). It is also being recognised that there is a large gap in services and infrastructure available to remote communities (e.g. DIA recently conducted an analysis in Wiluna which indicated a significant lack of standard services (Lange 2005a). In response to organisational collapse government often intervenes, with considerable input of resources, to help restore basic services and amenities. However, the cycle of 'crisis-response' and then disengagement, is clearly utilising government resources in an unsustainable way, and placing communities in a dispiriting cycle of upheaval and intervention. The challenge for the Western Australia (and other) government is to create a positive enabling environment and appropriate support to strengthen Indigenous community governance over the longer term.

In the context of a resources boom in Western Australia and a growing demand for a skilled workforce in remote areas, one recent development has been the interest shown by some sectors of the mining industry in the State, to join in future regional partnership agreements with governments and Indigenous communities. For example, the Minerals Council of Australia has entered into an agreement with the Australian government to support COAG-type approaches.

In Western Australia, the Minerals Council of Australia, Australian, State and local governments are exploring the possibility of a regional partnership strategy for Wiluna. One issue that arises as part of this process is how to ensure there is informed consent to such an agreement by the Wiluna community, and who can speak for that community. As a first step, two community liaison officers have been funded to discuss this possible regional partnership agreement with the Wiluna community and to assist with the exchange of information between the community and the other parties. This development has emerged following the 2005 Wiluna community consultation process, in response to the earlier service mapping and gap analysis report by DIA.

Of course much of the foregoing relates particularly to discrete Indigenous, or predominantly Indigenous, communities. There are different governance challenges relating to Indigenous people who are a minority in the larger towns and urban areas of the State. The Western Australia experiment with Community Action Groups in the south-west is one response to this situation.

The Western Australia government is currently undertaking an inquiry into the need for structural and electoral reform of local government. Changes are needed to ensure that local governments have the capacity to promote and support the social and economic sustainability of communities within their jurisdictions. Hopefully, the inquiry will lead to measures that improve local governments' responsiveness to the service needs of rural and remote Indigenous communities, and support for developing local Indigenous governance capacity.

## 6.5 THE NORTHERN TERRITORY POLICY ENVIRONMENT

In a statement to the Northern Territory Legislative Assembly on 7 March 2002, John Ah Kit, the then Minister for Local Government, reported that it was 'difficult to find a functional Indigenous community in the Territory' (Ah Kit 2002). While there have been some improvements in many communities since then, Indigenous communities, their councils and other representative organisations in the Northern Territory continue to face the impacts of multiple difficulties including economic under-development, lack of infrastructure, historic under-investment by governments, poor health and education outcomes, and poor governance and administrative capacity.

The current Northern Territory government policy framework aims to address matters of Indigenous governance and capacity development, building on several strands of the *Building Stronger Region—Stronger Futures* policy launched in May 2003. This policy provides for regionalised service delivery and the voluntary establishment of regionalised forms of local government 'which will have the authority, economies of scale and legislative force to carry a full range of functions currently available under [Northern Territory] local government legislation' (Ah Kit 2003).

The policy envisages that Regional Authorities will 'provide for decision-making structures that meet the needs of the communities to be governed and, where applicable, will incorporate strong relationships with cultural decision-making arrangements and particularly traditional land owners' (Ah Kit 2003:12). They will also be empowered to make decisions in partnership with government and other stakeholders.

Since 2001, three Regional Authorities have been formed:

- Tiwi Islands in 2001 amalgamated three community councils and the outstation resource centre to form the Tiwi Island Local Government
- Thamarrurr Regional Council in 2003 brought together a community government council and an outstation resource centre, and
- Nyirrunggulung Mardrulk Ngadberre Regional Council to the east of Katherine in 2003 amalgamated five councils and two outstations.

The Northern Territory government states that there are 10 regional groupings discussing options for Regional Authorities. Several of these are at very early stages of consideration; others are faltering due to an erratic government commitment, and resourcing constraints upon the department tasked with implementing the policy.

In 2003, the Northern Territory government endorsed the 21 recommendations proposed by delegates at the Building Effective Indigenous Governance Conference held at Jabiru. The recommendations broadly address issues regarding the powers and functions of Regional Authorities; funding arrangements for governance; cultural match and legitimacy; governance capacity development, education and training; and the need for legislative review and constitutional reform. By way of follow-up, the now Department of Local Government, Housing and Sport (DLGHS) undertook an audit of the availability and quality of Indigenous governance training in the Northern Territory. It then commenced regularly convening an Indigenous Governance Training Network for agencies and NGOs. In August 2004, the Northern Territory Cabinet agreed that DLGHS should pursue the development of an Emerging Leadership Program and improve governance capacity development initiatives.

The Northern Territory policy is innovative in its consideration of Indigenous governance from a developmental perspective, and the government is attempting to support the establishment of more effective governance by employing a customised regional planning approach, and including cultural match as a matter for consideration in the design of structures, institutions and processes of new Regional Authorities. The DLGHS is placing Community Development Officers and Development Coordinators in communities to work with representative organisations to facilitate regionalised and community governance. In collaboration with RA, the Northern Territory government is proposing to produce and field-test governance capacity-development tools and training materials. As a basis for reform of governance, it is also proposing to review the *Northern Territory Local Government Act*.

These Northern Territory initiatives are being implemented in a manner responsive to the rapidly changing national policy environment. Since the abolition of ATSIC with its Regional Councils and program-funding arrangements, the Australian government has established five ICCs in the Northern Territory which are seeking to engage in agreement-making with regional Indigenous representative networks. In the Territory, the Australian government's preference is to deal with Regional Authorities established under the Northern Territory *Local Government Act*.

In April 2005, the Australian and Northern Territory governments signed an innovative Bilateral Agreement to facilitate the negotiation and development of Regional Authorities, recognising that such Authorities will be a key mechanism for Indigenous service delivery and governance capacity development. There is an obligation under Schedule 2 of the Bilateral Agreement, for the Northern Territory to significantly progress the establishment of at least six Regional Authorities by 30 June 2006. In recognition of the Bilateral Agreement, the Australian government has committed \$1.6 million in 2005 to the Northern Territory government to employ Development Coordinators, including a grant pool for related governance capacity-development activities. A small group of senior officers from the two governments set strategic goals and expenditure priorities for the implementation of the bilateral objectives. It is expected that this funding will be renewed on an annual basis, subject to satisfactory results being achieved from these initiatives.

This creates an additional obligation for the Northern Territory government to actively pursue a collaborative reform agenda to substantially progress the governance objectives of the *Building Stronger Region—Stronger Futures*, policy and the endorsed recommendations arising out of the Building Effective Indigenous Governance Conference of 2003. The challenges ahead for the Northern Territory government will be to reinvigorate its commitment to facilitating strong Indigenous governance; create more streamlined funding mechanisms to support that goal; and ensure its various partnerships deliver substantive outcomes on the ground.

## 6.6 THE IMPACT OF THE GOVERNANCE ENVIRONMENT

An early finding of the research is that, at this time, it is the wider governance environment that appears to be having a significant impact on the sustainability and effectiveness of Indigenous community governance. Many of the factors that determine the sustainability of Indigenous governance relate to the wider cross-sectoral context, including the extent to which policy, service-delivery, funding, program and legal frameworks either enable or disable Indigenous governance. The 'governance capacity' of government and the public-sector, and the extent of political and bureaucratic capacity are critical factors in the governance environment.

The case-study research provides early evidence that, regardless of the variation, the rapidly changing national policy and funding environment is causing considerable difficulties for some Indigenous organisations and communities, and having a negative impact on their functionality (e.g. in terms of their service delivery functions, funding capacity, management and administrative workloads), but does not appear to be positively impacting on their governance arrangements.<sup>14</sup>

One result of the national policy and program funding changes is that community organisations, especially the smaller ones, report that the time their leaders spent on direct government consultation has dramatically increased. Community organisations in the case study sites refer to the increase in meetings with 'green' bureaucrats, and feel that the 'musical chairs' of visiting government officers has not noticeably diminished. In fact, the Indigenous view from some case-study organisations is that the 'fly-in, fly-out' approach to consultation appears to have increased in their communities. It is not yet clear whether such direct 'fast-track' consultation brings increased benefits to Indigenous communities, nor whether it enables government officials to better understand the diverse needs and contexts of their Indigenous clients. The cost-benefit of negotiating SRAs has also been raised with the research team, as the amount of time spent negotiating SRAs may not be commensurate with the value of the grants (one example involved an estimated five days work to negotiate an SRA worth under \$10,000).

Community organisations also report that, with the disappearance of ATSIC Regional Councils, information dissemination to them is not happening as well. There is a lack of policy interpretation and explanation of new policy changes to organisations, leading to uncertainty and confusion about new program funding arrangements. This may be a transitional problem which will pass as the new systems become established and better understood, but during 2005 in the case study sites there has been evidence of considerable uncertainty and difficulty caused by the changes, and poor communication about those.

Current national and some State policy frameworks purport to encourage a more 'whole of government', 'whole region' and sometimes 'whole of community' approach to Indigenous governance-building. But governments, are not of one voice in their interactions with Indigenous communities, and each has different requirements. On the basis of field reports from the comparative case studies, it appears at this point that the reality on the ground remains one of poor coordination and collaboration between government departments within and across jurisdictions. This has currently increased the burden on Indigenous organisations, rather than reduced it as was intended.

The consequence for community-based governance is that organisations remain locked into increasingly uncertain program and funding arrangements administered by multiple government departments which retain separate financial authority, and set accountability conditions based around single programs. This situation has been well-documented by various government, and other, reviews over the last decade (see Smith, D. 2002). The view on the ground amongst several organisations in the Project case studies is that, as yet, the new Australian government

coordination initiatives are not leading to reduced program application, acquittal and reporting requirements at the community level, and are not leading to sustained, streamlined funding allocation mechanisms across departments.

To date, there appears to be little systematic monitoring of the whole-of-government policy objectives and implementation within communities or regions. Neither does there appear to be government monitoring or evaluation of the consequent impacts within communities of the rapid organisational change that appears to be associated with the national policy changes. For example, one Field Report noted that the consequence of CDEP changes in one region in which the Project is working is that 11 out of the 15 community organisations have collapsed or been forcibly subsumed over the last 12 months. This might be viewed by governments as an intended and beneficial rationalisation of funding, resources and organisational capacity. In light of the high rate of incorporated representation mentioned in the Central Australian example in Appendix E, some commentators may argue that there are good grounds for seeking a more cohesive form of organisational representation and streamlined pooling of resources within regions. That is certainly an Indigenous goal in some regions, though for different reasons. However, organisational collapse and amalgamation in some regions is occurring with little integrated planning or management.

In a number of the case-study sites new CDEP program conditions are seen as impossible to meet in the local contexts (e.g. Altman 2005; Morphy, F. 2005a). These conditions relate to the short-term creation of 'off-CDEP' jobs or small businesses, in locations where unrealistic goals have been imposed on CDEP organisations (for example, the speedy creation of 'off-CDEP' jobs and small businesses for CDEP organisations whose participants are largely remote outstation residents, where no strong labour market exists, and where CDEP actually plays a positive role on the ground in subsidising many essential municipal and other services). Field Reports also indicate that the payroll units of some Councils, which are under-trained and under-resourced, are being swamped with the CDEP expectations, which they do not have the structural or supervisory capacity to manage. Some Councils have little capacity to train local employees about the new arrangements. Other Councils are not prepared to accept and endorse the 'no work-no pay' rule for 'welfare to work' programs, largely because they believe there are limits on their legitimacy to intervene in people's lives in this way.

The case studies, with one exception, are not evidencing any significant improvement in the governance capacity of communities as a result of the new arrangements at this stage. In the COAG trial site among our case studies there is evidence that Indigenous governance capacity is building slowly, largely in light of the ability of the community governance body to better access information resources, to sit at the decision-making table as a partner with the two governments, and to exercise legitimate authority in that community (for example in collaboration with State agencies, such as the police). In other case-study locations there have been no SRAs which might bring positive improvements to community governance.

On the positive side, the new arrangements are leading to some housing needs being met in at least one case-study location (a COAG trial site), and greater latitude with funding, allowing it to be spread over realistic periods (e.g. three years), so that Councils have a better ability to plan. Most of these arrangements have flowed on from the earlier 'Shared Responsibility Agreement' between the Australian and Northern Territory governments (Northern Territory Government 2005), indicating the potential of such agreements (that are now also called SRAs). However, the more usual funding period seems to be 12 months (often much less), which makes longer term planning difficult, if not impossible. It remains to be seen whether, as the new arrangements are more fully implemented and better communicated to Indigenous communities, some of the problems referred to above will be resolved.



## 7. CAPACITY DEVELOPMENT FOR GOVERNANCE

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### 7.1 THE CONCEPT

A central focus of the research is to investigate the kinds of capacities required to support strong legitimate Indigenous governance, the current gaps, the assets already available in communities, and how these can be strategically mobilised and developed. A series of questions have loomed large in 2005. What capacities are seen to be most important? By whom? Whose capacity is to be developed? By whom and how? And what delivery, funding and policy approaches best support capacity development for governance at the local level?

We define 'capacity' as the capabilities of people, groups, organisations and whole societies to reach their own goals over time. 'Capabilities' may consist of skills, abilities, knowledge, behaviours, values, motivations, institutions, resources, powers and so on. But more than that, capabilities represent the real opportunities people have to achieve the combination of functionings that are necessary to their well-being (Sen 1992: 40). 'Capacity building' is the process by which people (individually and collectively) develop and strengthen the set of chosen capabilities they need to perform functions, solve problems, set and achieve their goals. We follow the international development literature in preferring the term 'capacity development' over that of 'capacity building', because it focuses attention on the issue of sustainability and the long-term timeframes involved. It also emphasises the context of community development, and a 'two-way learning' process.

### 7.2 CAPACITY DEVELOPMENT FOR GOVERNANCE

Analysis of the first year of case-study research suggests that governance capability is at the heart of sustainable Indigenous socioeconomic development. Yet capacity development for governance is the issue most easily forgotten in both Indigenous and government approaches. Sterritt (2002), using the analogy between sporting and Indigenous governance, makes the point: 'Who would dream of entering a sporting field without being offered the opportunity to learn and develop the skills and tools to play the game? Yet, we do so routinely in the game of governance'.

Capacity development for governance is about change; it is transformative. Accordingly, some community organisations are giving considerable thought to how best to stimulate and manage the process. Not surprisingly, capacity development for governance is raising fundamental issues of relative power and cultural legitimacy in the Project case studies.

### 7.3 CAPACITY FOR WHOM?

Preliminary analysis of the case-study research identifies inadequate capacity as a problem existing across at least five layers or dimensions of the governance environment. These dimensions of capacity development need to be considered within a systems framework; that is, they need to be analysed and addressed as part of an interconnected system.

*The individual (about residents, leaders, staff, managers, officers, bureaucrats)*

This dimension focuses on the critical role of individual learning, capabilities and achievement. Areas of individual development may include educational levels, financial literacy, health, on-the-job training, formal and informal skills, ceremonial and subsistence knowledge, mentoring and patronage. All these influence a person's ability to participate in social and economic life, and to negotiate and undertake their roles and responsibilities.



The research analysis is highlighting the role of key individuals—including Indigenous and non-Indigenous leaders, managers and bureaucrats—as a critical factor in effective community governance. Leaders can enable or inhibit individual capabilities being converted into organisational performance. Indigenous leaders who actively mentor young people, prepare them for leadership, and involve them in governance activities contribute to building an organisation's sustainability.

However, our preliminary research suggests that carrying out capacity development at the individual level alone is no guarantee of strong governance. Individual capability is often developed in social settings; and individuals need access to resources, institutions, information, technology, support, and infrastructure to undertake the work of governance. Capable Indigenous individuals may not put themselves forward for senior roles because organisational and other external conditions are not conducive to success in challenging environments.

*The entity (about organisations, structures)*

So-called 'traditional' systems of Indigenous governance in Australia situate individuals within institutions of family, clan, land-owning and ceremonial groups, within linked communities, kinship and marriage structures, and age and gender peer-groups. Today, governance can also mean working within representative organisations and agencies.

To function effectively, organisations need competent people working for them who are clear about their roles and responsibilities and how these relate to the organisation's overall values, goals, and strategies. Strengthening governance also requires adequate organisational systems for supporting individuals' work performance. We are seeing more effective capacity development in organisations that emphasise a place-based mode of 'learning by doing'. For example, analysis of the *National Indigenous Governance Awards* nominees revealed that all had training and/or mentoring arrangements in place, but the most outstanding had systematic staff development policies and training approaches within their organisations. For example, one has in place a staff development program in four levels: the first level involves induction and orientation; the second ensures staff meet industry standard competencies for their job, including occupational health and safety, and support is offered to enable them to gain accreditation at those standards; the third level comprises training for updating skills and knowledge; and the fourth relates to career development, including leadership. This approach was clearly working as the current Indigenous Director and Deputy Director of the organisation had both been supported through the ranks into their leadership positions (ICGP 2005b).

*Inter-relationship between entities (about systems, networks, interactions)*

Organisations and groups are part of systems and networks that are necessary to their functional effectiveness. In the case studies, we see community organisations linked to particular family and clan groups; owning infrastructure and property handled through other organisations; being linked to public and private sector agencies through programs and service-delivery relationships; and being influenced by wider regional and national conditions. Some Project researchers are working with organisations who are making strong governance-building efforts, but have a weak or erratic ability to relate to other organisations and players, even those with similar purposes. However building the capacity for consensus, agreement-making, partnership, negotiation and networking is not sufficient by itself either—especially for sustainability of governance reforms.

*The enabling/disabling environment (about the wider context of policy, political, socioeconomic, legal institutions and systems)*

The research is indicating that sustained capacity for effective governance amongst individuals, entities and systems requires a positive authorising or enabling environment. Many governance initiatives are failing or not being sustained because they are not supported by a wider enabling environment. The research findings suggest a critical need for top-level support from government and provision of integrated funding mechanisms, backed by bureaucratic leadership and collaboration.

Many of the factors that determine the sustainability of Indigenous governance relate to the cross-sectoral context. This includes the adequacy of policy, funding and legal frameworks; the effectiveness of mainstream education and training programs; the extent of service-delivery coordination; the impact of government program guidelines and reporting criteria; the extent of public-sector capacity; political and bureaucratic will; the scope of devolved power and authority; levels of accountability; property rights and so on. There are complex linkages across these five dimensions of capacity development, and different sets of capabilities may be needed. The research strongly suggests that we need strong capacity *across* as well as *within* all of these dimensions, in order for effective legitimate governance and development outcomes to be *sustained*.

*The 'governance culture' (about cultural institutions, values, attitudes, behaviour, relationships and systems)*

Sustained governance capacity has to be internalised and institutionalised—it has to be embedded deep within the 'governance culture' of an organisation, department or agency. The research confirms that Indigenous community organisations and 'mainstream' Australian society have different views about what constitutes valued capabilities: for example, for governments, valued capabilities may relate to effective corporate management while for Indigenous people, valued capabilities may relate to communication, relationship-building and managing the internal and external politics. Effective governance requires a 'culture' of shared norms and institutions which have legitimacy in the eyes of individuals if they are going to commit themselves to common goals. The 'intangible' culture of organisations and their inter-organisational relationships can have a powerful influence on their governance capacities, and their willingness to develop these.

At the community level, some ICGP case studies are highlighting the critical role of 'institution building' as a governance development process—not only within cultural groupings, but also within organisations. Together, Indigenous leaders and Indigenous or non-Indigenous managers can have a remarkable impact on creating and reproducing an internal 'culture of learning and development' within their organisations which helps them to survive crises and the turnover of people.

In some community organisations we are working with leaders, managers and staff who are actively designing the values, rules and processes that will constrain and guide their behaviour. The result of this internal 'institution building' is that some organisations are creating their own 'governance culture'. Once these protocols and rules are created, they need to be constantly reinforced. A number of organisations nominated for the *National Indigenous Governance Awards* indicated that the comprehensive and ongoing training of board members in the expected codes of conduct, policies, and procedures was an important and effective method of preventing disputes from arising. Similarly many mentioned that having clear conflict resolution policies, human resources procedures and contractual employment conditions contributes to an effective organisation. Building capable governance is a developmental process; it takes time and seeks incremental changes. This will require a long-term commitment to carry out community development for governance.

#### 7.4 THE CONSTRAINTS

The Indigenous capacity for strong governance is affected by internal and external constraints. The Project research has identified important constraints on Indigenous governance arising from the wider 'enabling' environment, including:

- lack of coordination and cooperation within government
- poor policy and funding frameworks
- duplication of services
- stop-start program and training initiatives
- low levels of bureaucratic expertise in areas of capacity development and governance
- overload of reform and change initiatives, and
- reluctance within government to devolve and share power.

The ICGP case studies and a related study of governance training in the Northern Territory<sup>15</sup> are also revealing several problems in capacity development, education and training approaches for Indigenous governance including:

- lack of suitably qualified and experienced deliverers, and hence, poor quality delivery
- lack of resources, tools and materials
- lack of relevance and meaning in the content
- inflexible program criteria and course structures
- failure to understand participants' learning styles and cross-cultural conceptual differences
- lack of community-based training and capacity development
- one-off courses and a failure to provide follow-up support and mentoring, and
- failure to evaluate the delivery and outcomes of training.

The audit of governance training in the Northern Territory made the following point:

Generally, it appears that exercises currently being undertaken under the rubric of 'governance training' are focussed largely around competencies or knowledge related to management and compliance issues. The flaw in this is that while corporate governance or management and business administration are important elements of 'governance', if it comes to be understood only in these terms, rather than as a whole-of-community approach to the broader processes of making and implementing decisions, significant potential is lost from the governance agenda (Willis 2004: 3).

At a number of the case study sites, governance capacity involves fundamental issues about relationships among people, how they understand their shared history and identity following disruption of their earlier governance systems, identification of values and ideals which they share, and how they work together towards shared goals. Gaining the 'technical skills' for governance, while important, is a second order aspect of capacity development.

Sorting out the relationships and 'intangibles' seems to be an important starting point, and that can only be achieved by appropriate support, in context, over extended periods of time. Tools of governance, such as codes of conduct, can play a useful role, but are best introduced in the local context of discussions about the shared values, behaviours and ways of working together, and customised according to the self-identified needs of the people concerned.

Morphy's research illustrates that where formal governance training is provided, cross-cultural conceptual differences present real challenges for corporate governance, particularly in the more remote communities where 'traditional' social and cultural systems remain strong (Morphy, F. 2005b, 2005c). Morphy illustrates this by reference to efforts to translate some of the words used in a governance training session with Yolngu council members of the Laynhapuy Association in north-east Arnhem Land. Taking the word 'honest' as an example, Morphy records a range of Yolngu words which participants suggested as translations of this English concept. There were five translation equivalents, each compound words of different Yolngu concepts: two reflected characteristics or properties of a group produced by interactions among them, rather than behaviours of an individual; three incorporated the Yolngu term for feeling or emotion as it might apply to a group or individual in a specific context; and one 'appealed to a set of laws and principles sanctioned by ancestral forces' (Morphy, F. 2005b: 1–3). These translations are all quite different from the English term which refers to individual characteristics, some moral principles or qualities of character, and specific behaviours. Thus training which assumes the concepts of an *individual's* character and propensity to *behave* honestly according to some *western law*, which will not easily translate into Yolngu language and concepts, may not succeed.

## 7.5 CAPACITY DEVELOPMENT—BY WHOM AND HOW?

Capacity development is context specific—that is, it is important to look at local conditions and priorities.

Some case-study organisations are developing their own in-house procedures for assessing individual and organisational capacity, and are providing follow-up training and governance development. Some use external expertise when fresh insights and expertise are needed; others attempt to establish their own approaches so they can respond more immediately to training and skills needs. Importantly, the focus of in-house training tends to be on actual work roles and responsibilities, not on theoretical standards or external perceptions of what is needed. There is experimentation, flexibility in style and incremental delivery in order to respond to changing local conditions. Organisations that have some form of in-house capacity development and that self-evaluate seem to be faring better in riding out change and conflict, and appear more effective in doing their jobs. Organisations which do not have such processes seem to be doing less well.

A number of organisations are relying heavily on the capacity and experience of key individuals—leaders and senior managers. However, the research is also suggesting that the sustainability of governance arrangements generated primarily by the 'force of will' of a powerful person can be very fragile. Enabling leadership can descend into self-serving behaviour when there is low capacity on the part of constituents to call leaders to account, and when there are weak institutions to support members doing so.

The research evidence also indicates that governance capacity in some organisations relies heavily on non-Indigenous managers and staff who may come and go. In the absence of job shadowing and mentoring of Indigenous staff, and in contexts of weak local Indigenous participation and leadership, this can be problematic for sustaining good governance. In the short term, this suggests the need to develop the capacities of both Indigenous and non-Indigenous leaders and managers in organisations, and having the resources and time to

do so. The kind of capacities needed may be different. If sustained, strong Indigenous governance is the future goal, there need to be robust strategies *now* for mentoring, training and developing governance capabilities for Indigenous people.

It is a mistake to equate training and especially one-off training exercises with capacity development, although training is an important mechanism. The research analysis suggests that the development of Indigenous governance capacity works best under conditions of local control where goals are defined by local participants and use strategies such as 'learning by doing', group learning, job shadowing, volunteering, mentoring, coaching, supervision, community development projects, and community and group activities.

For example, at one of the research sites where some governance misunderstandings were occurring a consultant was brought in, at the request of the community, to work alongside a community-based team. The team began by speaking with young people, middle-aged people and elders, as well as with the organisation's staff. What the team identified—not surprisingly—was that the main governance concerns expressed by each group were markedly different. It also emerged that people's understandings of their own corporations, and of the broader workings of the umbrella-style organisation, were unclear. After lengthy discussions with various groups, and some informal cross-cultural 'training' on both sides, a workshop was held with two local facilitators assisted by the consultant. This workshop comprised three stages. The first put on the table some of the stresses experienced by all in the 'in-between' space which the organisation represents. The second phase involved a lengthy exploration of its current governance structure, with the local facilitators translating more technical aspects into Walmajari language. There was some discussion about possible reformation of the current structural arrangements to reflect leadership changes in the five constituent communities. The last stage of the workshop was to identify actions, including some further targeted governance training to respond to identified needs (Thorburn 2005b).

It follows that there is a large number of possible delivery styles—from formal to informal, internal and external deliverers, individual and team delivery. Approaches that focus mainly on corporate and financial accountability abound. But these seem to be coming up short in actually getting sustained improvements in the capacity for good governance, because the key issues Indigenous people are grappling with relate to embedding shared values and relationships, and developing their institutions of governance.

It is a truism that an external agent cannot develop someone else's capacities. Individuals and organisations need to be centrally involved in the reorganisation (change) of their own behaviours, institutions and systems (both in the design and the delivery of those processes). It is also the case that at least half of the 'Indigenous governance problem' lies within government itself, and stems from the limits on its own capacity for coordination and collaboration. Strengthening Indigenous governance capacity rests on the preparedness of governments to devolve power and authority to community and regional levels. For example, simplifying and streamlining funding and reporting arrangements could reduce the time Indigenous organisations spend on managing a multitude of complex contracts and free up skilled people to spend time on developing capacity.

In essence, capacity development for governance is not a 'power neutral' process—it is concerned with the flow of funds, access to resources, the power to make decisions and control assets, etc. It should be a process that actively strengthens Indigenous decision-making and control over their core institutions, goals and identity, and that enhances cultural match and legitimacy.

## 8. EFFECTIVENESS AND EVALUATION OF GOVERNANCE

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### 8.1 INTRODUCTION

One of the aims of the ICGP is to investigate what constitutes effective governance. There is a considerable international literature on indicators of 'good governance', much of which has focused on country-level governance and the role of the 'state', arising out of the work of the World Bank and United Nations development programs (see Cheema 1997; Jabes 2002; Kauffman, Kraay & Mastruzzi 2002; Knack & Kugler 2002; and World Bank *various*). Much less has been written about the assessing Indigenous governance. The available literature (see Cornell 1993; Cornell & Kalt 1995; Dodson & Smith 2003; Royal Commission on Aboriginal Peoples in Canada 1996; Sterritt 2002, 2003) proposes broad preconditions for strong and effective Indigenous governance, including:

- (a) power (*de facto* sovereignty or self-rule)
- (b) resources
- (c) effective governing institutions and accountability, and
- (d) legitimacy and culture match.

But what are the practical conditions and parameters of 'effectiveness' on the ground in Australia? And what might constitute valid and meaningful measures (qualitative and quantitative) of effectiveness, and from whose perspective?

In the first year of field research, the case studies are highlighting important differences in views about these issues, and the comparative analysis has raised some emerging insights about the dimensions of effective governance. We stress, however, that these are preliminary. This research report does not describe what is, or is not, effective in the governance of each case study organisation. Rather, we have tried to draw out some of the preliminary principles which seem to be causally important, and which are evident across the community sites. In doing this we draw largely on material in the Field Reports, supplemented by other publicly available case-study research papers. Much more needs to be done to investigate these dimensions, and the processes which might support greater effectiveness on the ground.

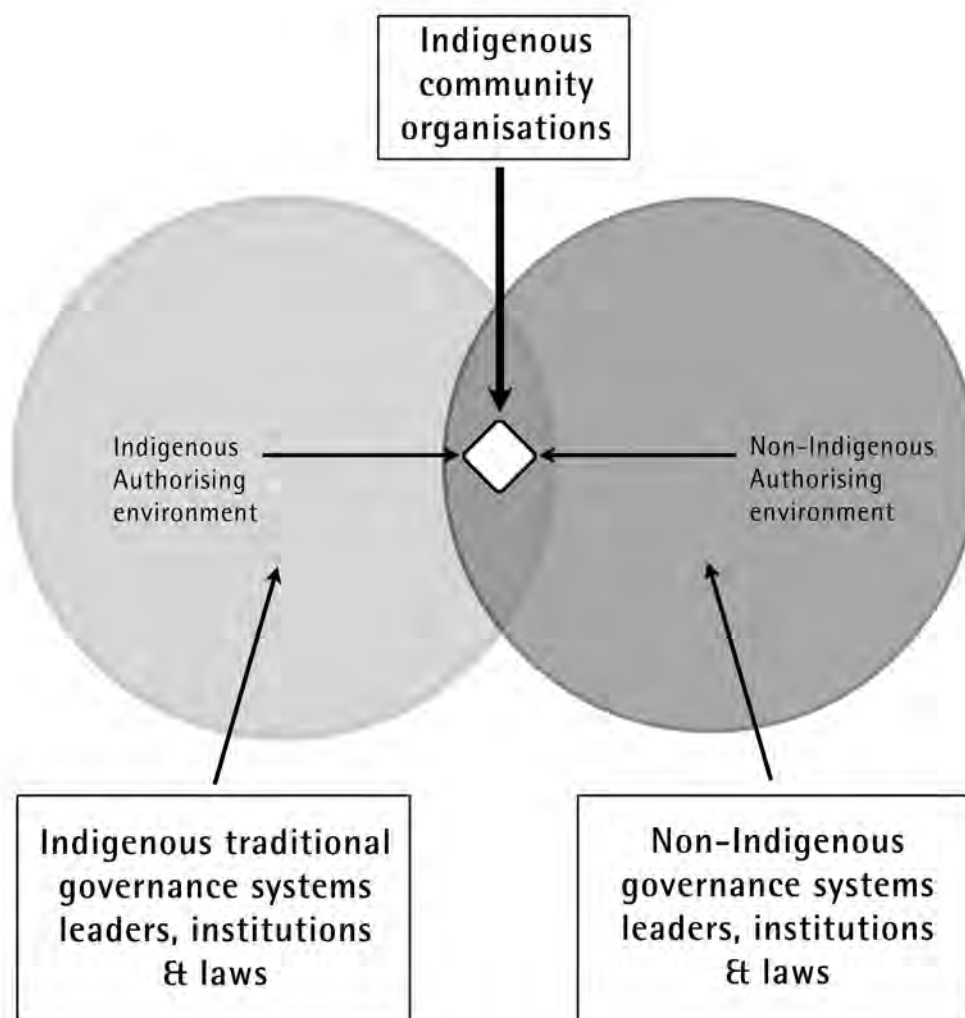
### 8.2 GOVERNANCE—AN INTER-CULTURAL DOMAIN

There are many different meanings given to the concept of governance, and there are different modes of discourse about it, using languages which are often incommensurable to each other. Alongside the policy discourse about governance, there are diverse statutory, corporate, management, and Indigenous discourses. When these discourses about governance interact, competing views and priorities quickly emerge. Just as 'governance' is a culturally-based concept, so too are the conditions which contribute to 'poor', 'weak', strong' and 'good' governance, and assessments of these categories.

As Fig. 4 illustrates, Indigenous community organisations have to be able to operate across two 'worlds of governance'—the world of non-Indigenous systems, institutions and processes, and the world of Indigenous processes, institutions and approaches to governance. They are therefore particularly likely to experience competing meanings and interpretations of 'governance'.



**Fig. 4. Indigenous community organisations: Operating in an inter-cultural governance domain with different authorising environments**



These 'worlds' often co-exist geographically and socially, so that people construct their own identities and ways of operating in a manner that engages both simultaneously. To that extent, these two worlds of governance are more appropriately characterised as inter-cultural domains. But there are also arenas and activities within each which are more or less exclusive of the other. For example, the ceremonial world of the Indigenous community is one such arena, while senior public policy-making and national legislative and political processes are another. On the ground, in the everyday lives of Indigenous people, the Indigenous and non-Indigenous worlds meet, and the governance arrangements often become a major site and product of that intersection.

Indigenous community organisations (which are simultaneously structures, institutions and processes of governance), are therefore particularly likely to experience competing assessments and interpretations of 'governance'. In this context they have to find practical ways of reconciling their differences in order to function. The case studies bear out the challenges and tensions they confront in doing this.



An extract from one of the confidential case study Field Reports raises the question of the standards and criteria by which 'effectiveness' is judged, and highlights the way in which the two 'worlds' impinge on its operation:

... given its operating environment, staffing issues, limited funding, the very diverse character of its constituents (at least in terms of economic circumstance, education level, capacity to participate), the significant social issues (family violence, drinking, youth disengagement), very inadequate infrastructure and uncertain policy environment, the organisation is 'effective'. That is, it manages to meet basic requirements of delivery of services, providing a forum for discussion about entitlements, and negotiating on behalf of the interests of ... people across local, regional and other scales.

In such a local environment, simply getting things done could be characterised as a mark of 'good enough' governance. How governance capacity is judged varies according to the perspective of those making the judgements. The variance between these different perspectives reflects again the 'inter-cultural position' of Indigenous organisations, and the way they are constantly balancing the demands of different stakeholders.

### 8.3 THE CONSTITUENTS' VIEW

A comparative analysis of the case-study findings suggests that, from the point of view of the Indigenous people whom community organisations are meant to serve, several things matter in their assessments of the effectiveness of their organisations:

- getting results on the ground (i.e. are services being provided, programs implemented, goals achieved)
- seeing fairness and 'proper' inclusiveness in the way benefits are distributed
- having effective processes of communication, information dissemination and consultation
- behaviour of leaders which reflects the core values of the group or community
- having transparency of organisational decision-making, financial matters, etc.
- the ability to negotiate relationships with non-Indigenous stakeholders successfully, and gain adequate resources, and
- good financial management.

The case studies from Altman (2005), Barcham (2005), Ivory (2005a), Lange (2005b), and Smith, D. (2005g) particularly highlight these issues, which are discussed further below.

Community organisations are viewed as effective by their clients and constituents if they display these qualities and have the capacity to achieve the goals which the community supports, whatever those are. Related to this is the distributive equity of the benefits, services, support and resources. Organisations are expected to manage and distribute benefits in ways which are seen to be 'fair' by their members, which reflect an appropriate response to different needs, and which do not arbitrarily favour one family or group over another (e.g. in the allocation of housing, jobs, royalty benefits, capital equipment). Organisations which are able to deliver what is expected, to at least a reasonable level, and in a reasonably 'equitable' way, are able to maintain the trust of their constituents. They are seen by them as effective. However, the way they do that also matters.

Organisations which fail to act in ways which their clients/members perceive to be fair, quickly lose credibility and legitimacy, and hence are not judged to be effective. They will lose the trust of those groups which have been excluded or marginalised. If an organisation does not have support from its community members, it might still survive as a functional entity, but it will progressively lose legitimacy and effectiveness. Such an organisation can become vulnerable to the destructive agenda of other groups in the community who want to change or take over

the organisation. Once an organisation loses community credibility, external agencies invariably start to impose greater restrictions on its operation. Soon the organisation goes into a downward spiral where its independence is undermined and its future direction is increasingly controlled by outsiders.

Indigenous people judge organisations by their processes, not just their outcomes—means are as important as ends. Organisations can lose the support of some sections of their community if they fail to engage with them, keep them informed, or consult with them about their own concerns and priorities. Sufficiently frequent and clear communication with constituents/members appears to be fundamental. This also appears to be a problem for many organisations, especially those whose membership is dispersed and culturally heterogeneous.

How communication happens varies, but several modes seem to be common. Considerable reliance is often placed on the appropriate clan or family representative keeping their members informed of developments, and bringing issues of concern to the negotiation table on their behalf. This is not always effective or reliable, and is supplemented by a variety of other means, such as the Broadcast Remote Area Communication Services television system in use at Thamarrurr, community newsletters (e.g. Mutitjulu), videos (e.g. Thamarrurr), community meetings and noticeboards, and informal conversations.

Miscommunication can lead to a loss of trust and legitimacy in organisations, so making sure the communication has been clearly understood is very important. Case studies have stressed the effectiveness of communication in local languages, and the use of visual images to explain complex issues. They have also pointed to the usefulness of holding meetings on people's country, in their neighbourhoods and communities, at their outstations and in family groupings. There are cost implications associated with all these strategies; but the potential for miscommunication can be high where the language of meetings is not the participants' first language and/or where participants have hearing problems (Howard 2005; Morphy 2005b).

Allied to this is the issue of transparency. Organisations in the case studies that are relatively transparent about their decision-making processes and financial matters appear to be trusted more than those which are not. This has involved being able to maintain a workable information system within the organisation, keeping adequate records of decisions, making minutes of meetings available, formulating internal rules and policies about the conduct of governing board members, CEOs and staff, and making the accounts available in a form which board members can understand. It also means being able to explain to members how and why certain decisions came to be made.

It is also very clear from the case studies that organisations are often judged by the behaviour of their leaders. Leaders who reflect the 'right' values and personal qualities, who can mediate internal tensions, show they are 'looking after' their members in a fair and equitable way, and who have the capacity to get things done, are leaders who are also building a 'governance culture' which makes their organisation effective (see Ivory 2005a; Kilgour 2005a, 2005b). Poor leaders, who practice favouritism or nepotism, who are corrupt (or because of low transparency, are perceived to be so), who squander resources, or who are not in touch with those they are meant to be representing, undermine the legitimacy of an organisation and cripple its effectiveness. However, legitimacy is in the eye of the beholder, and may not be granted permanently or unconditionally. It has to be earned and renegotiated. Furthermore, maintaining legitimacy with one's kin, or at times with others, may involve losing it with another group who view such behaviour as favouritism or nepotism.

Effective organisations also appear to be those which have developed procedures for dealing with disputes or problems, both internal to the organisation or, when appropriate, within the community it serves (e.g. dealing with gangs, unwanted dogs, troublesome domestic disputes, conflicts over resource distribution). For example, one case-study organisation had a relatively low level of conflict which it attributed to its commitment over many

years to talking through sensitive issues in a tactful way, as well as the procedures it had established to assist this approach. So the combination of established policy, protocols and the institutions or 'culture' of the organisation contributed to its effectiveness.

Community organisations are also judged by their ability to negotiate the non-Indigenous wider environment, and attract funding and support to enable the community to achieve its goals. Thus, having board or staff members who can lobby outsiders, find and sustain funding, and meet the accountability requirements for the non-Indigenous system (without undue burden on the members) is critical. However, because funding is so compartmentalised and the reporting requirements so substantial, this is taking a lot of time and work in all the case-study organisations. For example, one case-study organisation was well regarded until its public funding was considerably reduced and it was no longer able to hold regular community meetings. At this point, some community members lost trust in it, and it struggled to maintain legitimacy. As its legitimacy with community members declined, so its perceived effectiveness by government funders was reduced, thereby creating a vicious circle of reduced legitimacy and effectiveness in everyone's eyes.

Good financial management is also seen as essential—even when many members do not understand the details or the difficulties involved in doing so. Financial management must be transparent and clearly explained, especially to the governance body, as well as to key members and communities whom the organisation is serving. Members look to their organisation to manage finances competently, report to them honestly and explain the finances in ways they can understand. When managers in organisations give up explaining finances to their boards, the effective longer-term governance of the organisation is in jeopardy.

A strong board which has a good working relationship with management also appears to be important for community governance effectiveness. Where a board gives clear leadership, and has capable staff (Indigenous or non-Indigenous) who can implement directions and policies, then the organisation is better equipped to get things done. Board cohesiveness around shared values, consensus decision-making, respect for each other, and an ability to negotiate with each other and develop an agreed strategic direction, all appear to be fundamental qualities in an effectively governed organisation. These qualities are clearly seen in the Yarrteen case study (see Appendix C).

#### 8.4 THE GOVERNMENT FUNDERS' VIEW

Governments who provide the majority of the funding for incorporated community organisations have some similar and some different views about what constitutes effectiveness. They also want programs and services delivered successfully, transparency, fair treatment of clients, and good management. Perhaps the two major things governments want are effective service delivery and financial accountability.

However in the case-study locations the major message imparted by government accountability requirements is that effectiveness is, in the end, primarily about financial and corporate accountability. This message is transmitted through compliance requirements in program and grant funding reporting, and through Section 60 investigations launched by ORAC under the ACA Act, and similar audit processes under State legislation (e.g. in one remote case study location four different organisations were subject to section 60 examinations in 2005).

Reporting and compliance formats and requirements from government departments are invariably different. As a consequence, relatively under-resourced organisations have to meet multiple grant accountability demands, each with slightly different emphases and timing. Rather than encouraging organisations to be able to respond to their clients' priorities in relation to effectiveness, government measures of effectiveness can become overriding, since unless they are met funding will not flow.

Clearly, governments have to ensure adequate accountability for public funds, but the research case studies are revealing that organisations are spending significant amounts of limited staff time on financial accountability and reporting requirements, which is detracting from their other governance work. In one organisation, it was estimated by senior managers that the changed arrangements since ATSIC's abolition had led to a four-fold increase in the time they had to spend on such grant accountability and reporting matters. In another instance, the organisation is now dealing with five different departments instead of just one. For some organisations, the 'footprint' of Australian Government officers on the ground is felt to be greater than previously. At the COAG trial site participating in this study the governing body is still dealing with some 80 different grant and acquittal processes. Uncoordinated and overly stringent compliance requirements are a disincentive to better governance. The need for pooled, streamlined funding to Indigenous communities has been recommended for well over a decade in countless government reviews and inquiries. The case studies are starkly highlighting the continuing urgency of this issue.

Governments' own 'governance culture' of risk avoidance and financial micro-management can stifle community organisations, preventing them from responding to community-led priorities and planning, and diverting precious staff time away from the important work of delivering services, communicating with constituents and board members, resolving conflicts, informing and discussing with board members the issues surrounding upcoming decisions, ensuring program quality, and planning for the longer term. Martin (2005: 195–6) has also noted the important correlation between '... organisations which are accountable to their members or constituencies ... [being] more likely to be effective in what they undertake and more financially accountable'. In other words, important strategic governance and functional responsibilities can be neglected while the day-to-day compliance issues dominate. This, in turn, undermines an organisation's internal legitimacy and accountability, which has an adverse impact on its overall effectiveness. There is a strong feedback loop operating between these internal and external dimensions of effectiveness.

Further difficulties with the compliance-focused approach arise when it is invariably carried out without adequate community developmental backup to support the ongoing development of financial capacity within organisations. That is, the resourcing appears to favour compliance investigation over capacity development to prevent future problems. For example, in one region, the requirements for the CDEP scheme are now becoming so unrealistic and time consuming that organisations are considering giving up on the scheme because the costs are outweighing the benefits (Altman 2005). In another community, impossible conditions concerning the creation of 'off-CDEP' jobs and small businesses on outstations, suggests a lack of government awareness of the reality of the remote conditions (Morphy, F. 2005a). In still another area, the amalgamation of smaller CDEP schemes under the functional duties of a single organisation is raising questions about the current capacity of that organisation to quickly rise to the challenge of being an effective regional CDEP service deliverer.

DLGHS is currently developing a program implementation approach to create greater links between its own risk assessment and compliance procedures, and the work of community development officers to support organisations to build better financial management as part of their governance arrangements. The Western Australian government is trialling the use of governance 'capacity development officers' to similarly work with community organisations. These are potentially important strategies, and need to be supported and monitored.

Funding timeframes impede effective planning and service delivery. For example, most grants are for a period of only 3–12 months, which makes planning difficult, if not impossible. The parameters and conditions of the grants can also be onerous.<sup>16</sup> Different deadlines apply to different grants. This slows the processes of responding to community need. Thus, delays caused by meeting government standards may mean that an organisation is judged to be ineffective by its members. This is a no-win situation for the organisation and for government.

Other external measures of effectiveness appear to be related to the ability of organisational leaders to successfully articulate their approaches to governments and other outside stakeholders. Assertive decision-making and communication typical of western culture, articulated in English, is associated by external stakeholders with an effective organisation. Very capable organisations which do not have leaders who can articulate their messages strongly to non-Indigenous officials may not be given the recognition or the support they need. At the same time, where Indigenous organisations employ non-Indigenous people to undertake these negotiation roles on their behalf, the organisation may be perceived by outsiders as being 'too dominated by whitefellas', however much they may be instructed by their Indigenous boards or governing committees. Thus external assessments of effectiveness can be judged by the communication style of the organisation and its leaders (both staff and board) according to western ideas about leadership and communication.

Governments, like community members, share a strong interest in seeing services delivered effectively on the ground by community organisations. However, there appear to be significant differences between governments and communities in what they regard as service priorities, and appropriate service benchmarks and standards. The more important difference appears to be in regard to the policy and funding strategies needed to achieve better service outcomes for Indigenous communities. Governments seem to be emphasising the need for better local capacity and financial management, and are looking to economies of scale, shared responsibility agreements, regional partnerships, and improved corporate governance as priority solutions (Smith, D. 2004; Sullivan 2005b). Communities and their representative organisations seem to be emphasising the need for an adequate funding quantum, the impact of poor funding coordination, the need for greater government capacity to deliver on partnership, the need for greater local capacity, and a cultural geography of scale (Ivory 2005b; Lange 2005b; Smith, B. 2004; Smith, D. 2005a).

## 8.5 THE ORGANISATION ITSELF

Few organisations in the ICGP case studies systematically review their own governance effectiveness. The ones that do, have more effective governance arrangements. For example, Yarnteen's leaders talk about 'restless renewal' of the organisation, by which they mean their process of ongoing internal review and reassessment of goals, sometimes assisted by external consultants (see Appendix C; Smith, D. 2005g). For other organisations, it is often a crisis of some sort which has precipitated action to strengthen or renew governance arrangements. For example, it was the collapse of the preceding representative organisation which led the people of Wadeye community to analyse what went wrong with their community governance, and to slowly and carefully build a new organisation, Thamarrurr, which has now been recognised as a local government body. Their focus was on the cultural geography and a shared history which would enable the organisation to be legitimate, and hence fulfil a basic requirement for effectiveness.

A crisis of 'governance' may in fact reflect far more complex underlying issues than those evident to a corporate auditor, which cannot be resolved by such intervention alone. Such issues relate to the unresolved history of groups which may need renegotiation and mediation through a more developmental approach, followed by continuing consolidation of new approaches, over a long time period. Such complex histories are not forgotten or reconciled overnight. Governance problems also reflect misunderstandings among people about relationships with,

and within, the organisation and a lack of cross-cultural communication (especially, but not exclusively, where non-Indigenous managers are involved). Community organisations are inter-cultural brokers in many senses and because of this they can experience sometimes conflicting demands. They need extensive knowledge and skills relevant to both Indigenous and non-Indigenous worlds in order to successfully play that intermediary role.

A crisis is usually the hardest time to get thoughtful decision making. If an organisation has already developed sound decision-making processes, and has good internal communication, it will be in a much better position to handle crises when they come along. A 'governance crisis' can therefore be an opportunity. In one case study it appears that sensitive and timely external support may have helped bring to the surface a wide range of issues in the community which needed airing, identified governance concerns, and re-energised a commitment towards some shared goals (Thorburn 2005b). In other words, there is a potentially positive role for external facilitation if it is provided in the form of a developmental partnership, and at a pace set by Indigenous people.

What is clear is that Indigenous organisations regret that there is little or no support provided to them to help them mediate such complex internal issues, and to build robust governance in the broadest sense. The types of changes in governance arrangements we see happening in several Indigenous organisations tend to reflect their concern to strengthen themselves by improving their representativeness. They also need to allow for the realities of Indigenous life such as the possible absence of board members due to illness, attendance to sorry business or other demands. These developments may not sit easily with mainstream non-Indigenous corporate governance and electoral processes but they make sense in Indigenous contexts, and it is these aspects of governance which seem to be valued and important in the Indigenous arena.

This is not to say that good financial and other management are not seen to be important by Indigenous people. As indicated above they clearly are, but the early case-study research is indicating that the pre-eminent Indigenous efforts to improve the effectiveness of governance in communities have more to do with the relationships, representativeness, and the processes for creating internal legitimacy and practical capacity, than with corporate and financial accountability requirements. Without the former, the latter areas of effectiveness will be difficult to achieve—and if they are achieved appear to be extremely vulnerable to the comings and goings of key staff and upheavals caused by problems with internal legitimacy.

The Project's case-study research of organisational views of effectiveness has been greatly assisted by an analysis of over 50 Indigenous applications to the *National Indigenous Governance Awards*. Our analysis (ICGP 2005b) of the organisations who submitted applications to the Awards, reveals that having the following self-assessed elements might be critical for good governance:

- a clearly articulated relationship between the formal organisational systems, and the traditional leadership and governance systems of the wider Indigenous community
- agreed representative models that often emerge from, and reinforce, the wider cultural systems of decision making and authority
- a range of customised formal institutions, policies, and procedures which help clarify roles and responsibilities, and set standards of conduct and expectations of leaders, boards and staff
- a clear separation of strategic and operational decision-making
- agreed procedures to be able to enforce decisions and policies
- mediation and conflict resolution processes
- ongoing board and staff training, mentoring and development



- systems in place for maintaining continuity of board members and senior staff
- tools such as strategic direction documents, business and work plans, and transparent decision-making processes, to help boards make good decisions
- good internal communication, and consultation and communication with members and stakeholders
- good relationships and trust between boards and senior managers, assisted by tools such as performance management systems, and clearly set out employment contracts
- human and resource development, including of future leaders and succession planning
- fostering a positive internal 'governance culture' of shared values, goals and commitment, and
- adaptive governance where there is flexibility, ability to learn from experience, and capacity to make changes.

## 8.6 EVALUATING GOVERNMENTS' NEW APPROACHES TO GOVERNANCE

One area which is frequently neglected in considering effectiveness is how governments and other stakeholders evaluate their own governance performance in Indigenous affairs and community development. This is particularly important where governments are trialling new policy and service-delivery configurations.

Two ICGP researchers, Diane Smith and Janet Hunt, had the opportunity to explore this question of government performance when the Northern Territory government invited them to assist the Mutitjulu Working Together (MWT) Project in central Australia to review its work to date, and develop a plan for a longer term process of evaluation (Smith & Hunt 2005b). The MWT Working Group established to coordinate the Project brought together several layers of government and key agencies—Mutitjulu Community Incorporated, the Central Land Council, the Northern Territory government and the Australian government, as well as private sector and NGO stakeholders.

The MWT Project aims to 'improve the well-being of the people at Mutitjulu through the development of practical mechanisms for sustainable community governance, and economic and social development' (MWT Project Paper). A set of priority areas of work were identified to achieve the following objectives:

- establishing and strengthening relationships between partners and other stakeholders, and identifying and sharing responsibility for achieving improvements for people living in the region (including the provision of better coordinated and more flexible service delivery)
- identifying and developing strategies for addressing the key social, economic and administrative/governance issues that face Mutitjulu Community, and
- enhancing local governance, decision making and accountability (Draft Partnership Agreement).

In considering evaluation of this innovative and multi-layered partnership approach to improving community governance and outcomes, the researchers facilitated a workshop with key parties, and subsequently delivered a report proposing several options for an evaluation process. The research report urged the MWT Working Group to first clarify precisely the purposes and objectives of any future evaluation, and then to determine the scope and focus. The researchers noted that there were in fact at least five potential areas to evaluate: the Mutitjulu community level, the MWT Working Group itself, the Project management, the specific community development model and practice being used, and the overall whole-of-government partnership—as well as the interrelationships between these components of the overall approach. A future evaluation would have to take each of these levels and relationships into account.



ICGP researchers recommended a graduated, progressive participatory approach to evaluation of the development and governance initiatives under the MWT Project. This approach included utilising simple agreed measures and 'milestones' for internal monitoring; regular stakeholder analysis; and periodic status reporting by the Working Group and the Project manager. This would be supplemented by external independent evaluation of the three major components: the effectiveness, sustainability and transferability of the 'whole of government' partnership and Working Group approach; an evaluation of the developmental model being used; and an independent assessment of the overall project with a focus on outcomes and impacts for the Mutitjulu community in its wider environment.

Evaluation of the developmental outcomes should combine qualitative and quantitative data; encompass the Mutitjulu community's own criteria for assessing the project (critically important); and enhance their participation and engagement in the whole project (recognising that the community is not homogeneous and has low levels of education, poor health, etc.).

The report emphasised the need for evaluation to be built into the ongoing development of any new governance arrangements, and the importance of collating baseline data for key socioeconomic indicators before new arrangements begin. Unless there is an adequate baseline of relevant information, it is difficult to know how effective any new arrangements are in contributing to change. Another issue considered was the difficulty of pinning down causal attribution for outcomes. The report argued for the possibility of identifying 'credible links' between the program activities and the outcomes associated with the Project, and the possibility of identifying directions and trends rather than precise point-in-time values (Smith & Hunt 2005b).

The importance of ongoing internal monitoring, as well as independent external evaluation of the effectiveness of governance arrangements, needs to be recognised, particularly as the ICGP's own community case studies are revealing the significant impact of the wider governance environment upon community governance.

These overall elements and approach highlighted for the MWT Project evaluation could usefully inform any process to evaluate any Indigenous and government partnership arrangement for developing governance capacity, and emphasise the fact that all these parties contribute to the enabling and disabling conditions under which community governance operates. In particular, the recommended framework for evaluating the MWT Project has potentially useful implications for future evaluation of the COAG trials. That is, any future COAG evaluation should focus on the wider range of government and other partners, the policy implementation process itself, the success of departmental and government collaboration, the success of the overall partnership, the development outcomes on the ground, and the community-level views and assessments. Some suggested areas for evaluation at these sites, drawn from the findings of the ICGP research, are indicated in Appendix F.

## 9. CONCLUSIONS AND IMPLICATIONS

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The first full year of ICGP field research in 13 Indigenous and policy community governance locations provides some preliminary, yet important, findings which have implications for Indigenous communities and their leaders, and for governments and policy makers. As the research progresses it will be important to test these insights, deepen our understanding of the many underlying issues which are raised, and try to identify the enabling policies and practical actions which would make a difference. In doing so we are aware that the issues we are discussing are complex and related to deeply embedded cultural, social and political relationships and structures in both the Indigenous and non-Indigenous arenas.

Strengthening Indigenous community governance is not a task for Indigenous people alone—some of the preconditions for effective governance are beyond their immediate control. It requires changes in the surrounding legal frameworks, policies and institutional and inter-governmental arrangements. Some of these changes are only just beginning; others require significant changes to Federal jurisdictional devolution arrangements, to government mechanisms for financial allocation and acquittal, and some require political negotiation.

### 9.1 THE DIVERSITY OF COMMUNITY GOVERNANCE

There is an enormous diversity of Indigenous circumstances across Australia, from small remote settlements and larger towns in which Indigenous people are the majority, to other centres where Indigenous and non-Indigenous people live in the same region, but often in quite different circumstances, to predominantly urban-based Indigenous minorities. Organisational and representative structures of governance are being designed that directly respond to, and support, such diverse community contexts.

Decision-making in Indigenous community governance is shaped by multiple historical, cultural and political relationships. The research shows there are family and personal histories and affiliations associated with particular communities and sets of regionally-linked communities, and that these kinship and social systems are central features in community governance dynamics and arrangements. Importantly, 'discrete' communities are enmeshed in wider communities of identity. Senior members of traditional-owner groups of lands on which discrete communities are located have particularly powerful rights and interests that permeate all areas of community governance, while relations and governance responsibilities among and between traditional owners and residents are still being negotiated in many parts of Australia.

Every case study has highlighted the fact that Indigenous groups are actively designing contemporary governance arrangements that are informed and influenced by Indigenous 'traditional' or 'classical' systems of governance where groups exercise rights, interests and responsibilities that are derived from Indigenous land-ownership jurisdictions, laws and customs, codes of behaviour, institutions and shared values. Furthermore, organisational leadership is based around hierarchical nodes of governance, often displaying unequal power.

Because of this diversity, governance organisational structures will vary. But ICGP comparative research is suggesting there may be common and therefore broadly relevant design principles and practices that can usefully inform any governance arrangements, no matter what their structure or where they are located.

*Emerging issues and implications for governments and policy makers*

- All the case studies confirm that the familial and genealogical parameters of Indigenous community and regional governance are critical to the success of any government policy implementation and capacity development initiatives around governance. The more informed officers are about the culturally-based relationships of community governance, the more effectively they will be able to engage in an informed way with Indigenous people on the ground.
- Legislative and policy frameworks need to allow for quite diverse structures and governance arrangements that take account of often complex kinship and social relationships. This should include recognition that apparently 'discrete' communities are intimately connected within regional Indigenous kinship and economic systems; and that communities of identity may be dispersed but nevertheless remain based on strong familial and collective identities.
- Assisting communities to work through their often disrupted histories, to generate a 'common story' of their past, and to reaffirm an agreed basis for designing their contemporary governance arrangements is an important step in strengthening governance capacity. It takes a long time, and governments could usefully support sensitive facilitation through a developmental framework. This seems to be essential to the sustainability of governance arrangements. The emphasis must be on starting with the Indigenous relationships from which governance structures emerge, not the other way round.
- Building relationships with the leaders and members of communities is an important first step for governments wanting to engage in developmental support of local governance initiatives.
- The reliance on public funding evident in most small to medium sized Indigenous organisations makes them vulnerable to externally-imposed changes in government policy and program funding frameworks. Changes to funding arrangements, even if relatively small or positive, may have ramifications for governance, and need to be properly considered and monitored. Greater effort in communicating information at the local level about policy and funding changes is needed from government.
- The Project is identifying several dimensions of Indigenous governance which appear to be informed by broader design principles and institutions. These are overviewed in the subsections below. Initiatives and policy frameworks of government that aim to facilitate more effective governance, could usefully be informed by these broader principles.

*Emerging issues and implications for Indigenous communities and leaders*

- Strengthening Indigenous community governance depends first on negotiating appropriate contemporary relationships and responsibilities among the different Indigenous people within a region or community. Formal governance structures and processes should be adapted and designed to reflect important agreed relationships and roles.
- The process of governance-building has to be based on local realities. The basis for shared governance among the diversity of Indigenous people in any region includes negotiating culturally-relevant boundaries and governance relationships which *resonate* with traditional jurisdictions, laws, customs, relationships and specific histories; establishing practically capable processes; and creating locally customised institutions.

- It also appears that not all governance structures are equally effective. There appear to be broad lessons and principles which could assist governance in all communities, and which community organisations could usefully consider when they are designing or reviewing their governance arrangements. These are overviewed below.

## 9.2 CULTURAL MATCH AS LEGITIMACY

The comparative research analysis suggests that the idea for 'cultural match' is seen to be a fundamental issue by a number of Indigenous communities and organisations, many of whom are actively working to ensure their contemporary governance arrangements reinforce (rather than undermine) their preferred values, norms and worldviews. Indigenous efforts to achieve an appropriate 'cultural match' seem to be central to the legitimacy of their organisations.

There are complex conditions of 'culture match' in Australia, where there are significantly different historical conditions, and weaker political, jurisdictional, resource and legal rights for Indigenous people than in the United States of America, Canada, and New Zealand. ICGP research indicates that the concept and process of designing 'cultural match' is poorly understood by all stakeholders, and requires further critical investigation under these complex Australian conditions. At the moment many stakeholders, including Indigenous groups, appear to think that cultural match is a fixed end point; something that will be successfully achieved in a final form. ICGP research suggests that cultural match is about process; that it will evolve and need to adapt over time to suit changing future conditions in the wider governance environment. Groups addressing 'culture match' are focusing on relationships and processes first, especially those to do with representation, membership, leadership and decision making. Designing customised institutions is often the area where Indigenous groups focus their initial efforts.

In contrast, governments tend to focus on organisational structures first, and institutional processes second, which can set them at odds with Indigenous priorities.

Some communities and their leaders attempting to build governance institutions informed by a cultural match, are using the institutional pathway to create an internal 'governance culture' within their organisations. 'Institution-building' appears to make a significant difference to practical capability and the extent to which governance is judged to be legitimate (both internally and externally).

Building governance and cultural match is a developmental issue. It requires innovative approaches from governments to community development—where the importance of the social environment and cultural 'capital' are recognised, and where a 'whole of community' framework is adopted.

### *Emerging issues and implications for governments and policy makers*

- Culture match is first and foremost a process of Indigenous choice and the power to make informed decisions. ICGP research strongly suggests that unilateral intervention by external stakeholders, including governments and their departments, undermines the internal legitimacy of organisations and their leadership, and reduces their effectiveness accordingly. Recognition of rights, devolution, partnerships and agreement-making will be a more effective form of engagement to support cultural match.
- There are important areas of mismatch between Indigenous and non-Indigenous notions of 'legitimacy' and 'accountability' at community and regional levels. These need to be carefully clarified by governments in the context of negotiating agreements, providing funding and other support for Indigenous governance.

- Indigenous traditional principles of subsidiarity and relational autonomy inform Indigenous people's design of governance and cultural match. Governments could support workable solutions by facilitating the clear articulation of roles and responsibilities (including their own) in any emerging governance arrangements with which they are involved.
- Governance legitimacy has to be actively negotiated and sustained over time, and there are risks of codifying cultural match too quickly—it is a process, not a final end-point. Indigenous design solutions for governance will need to be provided with statutory and policy flexibility in order to enable them evolve, be refined over time, and respond to different people's needs (e.g. residents and land owners, generational change).
- The temptation to overload emerging innovative governance arrangements with expanded policy and program responsibilities, without ensuring it is matched by the provision of necessary resources and practical support, will need to be avoided by governments.
- Governments could facilitate more enduring governance by providing greater developmental support to Indigenous initiatives aimed at building and customising the institutional strength of their governance arrangements.

*Emerging issues and implications for Indigenous organisations and their leaders*

- In many circumstances, cultural match for Indigenous governance arrangements is very much about reaffirming and redefining collective identities. Where this process of rethinking collective histories has been facilitated amongst Indigenous communities, it appears to be contributing significantly to more enduring governance outcomes.
- In Indigenous considerations it is important not to favour romanticised or essentialised ideals of culture, but to create/reaffirm current legitimacy and practical capability. Fast-track decisions about representation, structures and institutions can come unstuck when they are based on Indigenous concepts that have little contemporary relevance.
- Difficulties are being experienced by some communities and their organisations when their early experiments with cultural match become too quickly concretised or juridified by formal organisational, legal, constitutional and technical mechanisms. Ongoing internal Indigenous monitoring processes will help ensure that initial cultural match experiments in their governance arrangements can be refined as needed.
- Cultural match is not sufficient by itself. Legitimate governance means that it also has to work: it has to be able get things done, respond to changes, and take up opportunities. Hard-headed decisions need to be made about processes that work in organisations, and processes that don't.
- The effectiveness and legitimacy of community governance arrangements appears to be positively advanced as a result of building institutional capacity. In particular, customising the institutional tools of governance (such as developing codes, rules, constitutions, policies, procedures, contracts, internal mediation and dispute-resolution procedures), assist in achieving workable forms of cultural match and provide a strong foundation for sustained good governance.

### 9.3 DIMENSIONS OF COMMUNITY GOVERNANCE

ICGP case studies are highlighting several dimensions of Indigenous community governance that appear to be particularly important in terms of legitimacy, effectiveness, and sustainability. These include cultural geographies, institutional capacity, organisational design and relationships, representation, leadership and decision-making processes, and human resource issues.

Indigenous conceptualisations of their own systems of governance are complex, and correlate to a fundamental relationship posited between the individual, groups, land and the religiously-based laws. Indigenous groups in many parts of the country continue to possess and exercise rights, interests and responsibilities that are derived under their own extant laws and related customs, but it is a system under threat in many communities.

Extended families of polity have now become intimately associated with community governance arrangements and with particular organisations. The result is what might be called a form of 'familial corporatism' underlying contemporary governance and politics at the local level. This is associated with both strengths and weaknesses in governance. For example, the desire for family autonomy on the one hand may need to be balanced against a desire for larger-scale expressions of identity and forms of representation. This can be assisted through innovative organisational and representation arrangements that include subsidiarity of roles and responsibilities. Family power can be expressed through organisational arrangements, and can be done so positively, or to the detriment of financial accountability and community trust in an organisation. Case-study organisations that are achieving some measure of economic success appear to be ones which have created internal institutional buffers to social stripping of assets and nepotism (Smith, D. 2005c).

There is a cultural geography to Indigenous governance. The Project is reporting governance initiatives across a continuum of localised and regionalised scales of population and land ownership. We are seeing some problems of scale emerging, as small organisations struggle to develop and sustain their service capacity, administrative systems, continuity of professional staffing, and to deliver tangible outcomes for their members. Some regional models are being designed to balance issues of autonomy, subsidiarity and scale. One mechanism identified for achieving such a balance is through models of representation and accountability that emphasise an agreed interdependence of constituent units. Regional governance models are inherently relational models, linking groups and organisations. There are potential risks in regionalisation when there is a lack of governance capacity on the ground, and insufficient flexibility to negotiate ongoing issues of representation and agreed division of responsibilities.

The comparative analysis of preliminary research is revealing that leadership and decision-making in Indigenous community governance is shaped by multiple historical, local cultural and political relationships. Organisational leadership operates within an environment of community leadership that is dispersed and context specific, and hierarchical (age and gender-based), often characterised by unequal allocation of powers.

Consensus decision-making is preferred, but Indigenous people are often expected to make decisions within parameters and time-frames determined by external agencies. Conceptual and language differences can complicate this process. In circumstances where major changes are being considered, Indigenous people may prefer to make decisions more slowly and carefully than non-Indigenous people realise.

Successful organisations have shared values and behaviours which they constantly reproduce. Among these important values are mutual respect, loyalty and good communication to resolve conflict. Governance is not only about structures, processes and power; it is also about human capital and resources. Sound organisational

governance requires access to and management of professional expertise. Many organisations have an unclear division of roles and responsibilities between their staff management and their governing bodies, contributing to internal conflict, a high turnover of staff, and undermining leadership.

*Emerging issues and implications for governments and policy makers*

- The concepts and processes of leadership and decision-making in Indigenous cultures are likely to be different from those familiar to governments. Non-Indigenous players may not even recognise legitimate Indigenous leadership, and hence may inadvertently undermine it. A two-way dialogue about these core concepts and processes is needed, and more coordinated funding for leadership development and mentoring at the community level should be considered.
- Much of the Indigenous workload of governance and the slow intangible processes of 'institution building' may not be fully appreciated by external stakeholders. Governments need to recognise the considerable value (for outcomes) of this process-oriented work and the time that it takes, and better accommodate it when they set their own funding timeframes and related program objectives.
- Governments need to be better informed about the importance of the cultural geographies of governance that lend legitimacy to different aggregations and scales, for different purposes. There is a low success rate of 'imposed solutions' which ignore this underlying dimension. Issues of subsidiarity, representation, relational autonomy, and the social negotiations associated with Indigenous cultural geographies, could usefully inform more enabling government policy implementation.
- The Project case studies are highlighting a 'two-way' trajectory for Indigenous governance; namely, a desire for residential decentralisation and localism (especially over land management and ownership) on the one hand, alongside a growing Indigenous engagement in establishing regionalised forms of political centralisation and service-delivery on the other. This has important implications for future government policy initiatives to reshape Indigenous governance. It suggests that arrangements are needed which differentiate between the levels of decision-making and autonomy required for different functions, and which enable embedded, 'nodes' or 'networks' of governance and accountability to be dispersed across layers and organisational networks.
- Recognising the negative effect on Indigenous communities and their organisations of the current high churn rates for managers and staff, governments could usefully put greater resources into supporting the training, mentoring, working conditions and professionalisation of isolated managers and staff working in remote conditions.
- The abolition of ATSIC with its regional councils has left a gap in political representation and policy translation at the regional and community level. In some cases this is hindering the articulation of the Indigenous 'voice' to government, and is exacerbating confusion on the ground about current changes to policy and program funding. Communities and organisations working to fill that gap need active support and facilitation from governments.

*Emerging implications and issues for Indigenous organisations and their leaders*

- Traditional principles of subsidiarity and relational autonomy appear to be informing Indigenous thinking about the design of new governance arrangements in many parts of the country. In particular, these principles focus attention on the importance of ensuring greater clarity about the agreed distribution of powers, roles and responsibilities to be carried out by different organisational and other governance layers within a community or across a region.



- Leadership is a fundamental dimension of Indigenous governance in communities. If leaders are not developed and mentored, and if succession plans are not implemented, organisations falter. The exercise of leadership is different from the exercise of power; it is the former that is needed. Leaders of organisations must behave consistently with their agreed values and institutions. Struggles for power can lead to fractured leadership and organisational instability.
- Communities need to engage more actively in building the governance institutions of their organisations. Shared organisational values that are reinforced and nurtured by staff and the elected members of governing bodies are shown to be particularly important in the case studies. So too are customised policies, codes, rules and procedures. This does take time, which is difficult for many overloaded organisations, but work done on building institutional capacity appears to be fundamental to improved overall governance capacity, and is especially important to weathering crises.
- Non-Indigenous managers and staff can bring much-needed skills into communities and organisations but they also bring risks, especially if Indigenous people do not set the governing policies and directions, and do not enforce a separation of their powers from the everyday management of the organisation. Governing bodies who have developed policies to ensure their organisations develop their own data management systems, financial performance systems, staff review procedures, and written employment policies and contracts, are organisations which appear to retain good staff and 'get things done'.
- Proactively managing external changes and relationships, and establishing networks into the wider environment, are important to the success of Indigenous organisations. They appear to be as critical for effective governance as addressing internal relationships.
- Resolution of internal and external conflicts and tensions, and negotiation of agreed goals and procedures is made easier where organisations have established their own internal mediation procedures and skills, and agreed codes of conduct.

#### 9.4 GOVERNANCE AND SOCIOECONOMIC DEVELOPMENT

There are several types of 'capital' simultaneously needed for socioeconomic development including human capital, business capital, infrastructure, natural capital, public institutional capital, and knowledge capital (Sachs 2005). Others have added social capital: the networks of trust and mutuality among members of the society (Hunter 2004; Putnam 1995). The Project research suggests that a particular combination of knowledge, institutional, resource and social capital create what may be called 'cultural capital'—that is, the world views, institutions and social systems which reproduce the collective identities of particular groups. 'Cultural capital' can contribute to governance, but there are challenges involved. If these are not internally negotiated it is possible that cultural capital could undermine organisational governance.

The development of governance capacity does appear to be a fundamental factor in generating *sustained* economic development and social outcomes. It might be useful to use the term 'governance capital' to refer to the combined forms of human, social, cultural, infrastructure and resource capital which are required to achieve effective and legitimate governance in Indigenous communities today. Economic outcomes appear to be best achieved where effective Indigenous *and* non-Indigenous governance coexist. It appears to require basic prerequisites, such as housing, water, sanitation, education and health to be in place. Only then can a community organisation focus on economic development as its goal, rather than prioritising and being consumed with essential service delivery.

From the comparative analysis of the case studies, it seems that important factors in the link between governance and socioeconomic development outcomes are strong visionary leadership; strong culturally-based institutions of governance; sound, stable management; strategic networking into the wider regional and national economy; having prerequisite infrastructure substantially in place; and having access to relevant training and mentoring opportunities. Further research will aim to refine our understanding of these links.

Where there is strong, legitimate governance and entrepreneurial leadership, Indigenous community organisations appear to be able to utilise the forms of capital available to them, or generated by them, to get socioeconomic development happening. Valuable governance capacities for socioeconomic development appear to include having leadership and a vision to drive development; an ability to form relationships with external agencies and business communities of various types; and to link resources and opportunities in creative, yet realistic ways (e.g. through partnerships with either public or private sector organisations, or both).

The research also indicates that in some locations Indigenous aspirations for economic development may differ from those of non-Indigenous people. Indigenous interests in developing the customary economy may not be acknowledged or supported by governments under new policy objectives. There may be different views about the extent to which people should engage with various industries, or relocate to take on full-time employment. The ICGP is keen to more fully investigate the possibilities between the synergy between Indigenous people's customary obligations to care for country, and a range of economic development and national-interest opportunities.

*Emerging issues and implications for governments and policy makers*

- There is an urgent need to address backlogs and inadequacies in basic infrastructure and essential services, especially with a rapidly growing population. The shortfalls in investment of various forms of 'capital' in Indigenous communities, especially in housing, education, health, communication and transport, seriously impede Indigenous governance and, in turn, socioeconomic development.
- Policy makers should assist and support communities and their organisations to strategically network with the wider market economy (e.g. by assisting them to link with suitable public or private partnerships, assisting with product research and development, market identification and access, and targeted training opportunities related to socioeconomic development plans).
- Targeted governance training for organisations needs to be funded to develop the key capacities for generating and sustaining socioeconomic success. As well as developing leadership, corporate governance, and management skills, such training would assist communities to assess their available capital (broadly defined), link resources and opportunities in creative and realistic ways, and form relationships with external stakeholders of various types to assist in networking, research, product development and marketing.
- Government should recognise (within formal policy frameworks and program funding arrangements) that there are diverse aspirations for economic development within Indigenous communities, that there are important synergies with people's customary obligations to care for country, and that a range of economic development and national-interest opportunities actually exist in remote and rural locations. Governments should be open to supporting approaches to community socioeconomic development which meet multiple national and local goals.
- The coordination of inter-departmental program and funding for the support of economic development initiatives in communities needs to be more actively encouraged, monitored and reported by governments.

### *Emerging implications and issues for Indigenous organisations and their leaders*

- Indigenous communities should first consider and clearly articulate their own aspirations for economic development. In doing so they should systematically assess the various sorts of capital they have in their own communities, and how these could be creatively combined to generate economic development.
- Indigenous communities will need to actively network with and lobby public and private-sector partners, and research institutions to identify possible products, services and potential markets which could form economic development opportunities in their particular locations. Effective governance will support these strategies through strategic and business planning, and reliable, informed decision-making.
- Indigenous organisations may gain greater support for their approaches if they are able to articulate (and then lobby for) how their economic aspirations might serve a range of national and state interests, including environmental, security, and economic goals.
- Organisations which are running economically successful enterprises and business are those that have established clear structural divisions between their different functional roles. For example, some organisations are creating 'families' of organisations to divide their community service, cultural and business activities.

## 9.5 THE GOVERNANCE ENVIRONMENT

The governance of Indigenous communities and their organisations operates within a complex wider environment that stretches across community, regional, State, Territory and Federal layers. We have coined the concept of the 'governance environment' to refer to this aggregate of surrounding systems, structures, forms of capital, players, conditions, resources, networks, and webs of relationships. All parties need to better understand the particular conditions of the governance environment in its community, regional and wider settings, in order to understand the form and effectiveness of Indigenous governance arrangements—and how these might be supported. An early finding of the research is that, at this point in time, the wider governance environment appears to be having the most significant impact on the effectiveness of Indigenous community governance.

The governance environment for any Indigenous community is dynamic—in both its internal and external features. The community and regional layers of the governance environment comprise complex systems of representation and leadership, overlapping constituencies and complex systems of mandate and authority. The same complexity applies to the government component of the governance environment. The 'governance capacity' of government is identified as a critical factor for the outcomes of community governance.

There have recently been rapid and major changes to policy, service-delivery and funding frameworks emanating from the Australian government, together with consequential and parallel changes in other jurisdictions. The Federal government is still bedding down its new whole-of-government approach, having established ICCs in 30 locations across Australia; it is negotiating SRAs with Indigenous communities, and one RPA to date, while also continuing the preexisting COAG trials.

There are now no clear Indigenous 'partners' with whom to negotiate partnerships at regional levels in many places, and issues of legitimacy and authority will arise, but so far regional consultation arrangements have been initiated in 10 out of 35 former ATSIC regions. In addition, there have been significant changes in various other funding arrangements, notably for the CDEP scheme, and in July 2007 the Corporations (Aboriginal and Torres Strait Islander) Bill is scheduled to come into effect, directly impacting on the governance of Indigenous associations currently incorporated under Federal legislation. In both Western Australia and the Northern Territory, governments are also

trialling various new approaches to Indigenous policy and, in some cases, reviewing state legislation relevant to governance. In Western Australia there is a range of different approaches being developed in discrete locations, while in the Northern Territory a policy of establishing Regional Authorities represents a potentially major effort to strengthen Indigenous governance and service delivery. This all amounts to an unprecedented degree of change in Indigenous affairs. Much of this change has not been evaluated by governments.

Not surprisingly, the case-study reports generally reveal that the rate and magnitude of the changes has impacted negatively this year on the functionality of Indigenous organisations in terms of their service delivery functions, funding capacity, management and administrative workloads, etc. However, in the one COAG trial site in our study there is some evidence of positive longer-term impacts of coordination and partnership approaches, despite the heavy demands the changes are placing on people there.

*Emerging issues and implications for governments and policy makers*

- Governments need to better coordinate internally and reduce the number of separate departmental and program-specific consultations with Indigenous communities.
- If Indigenous governance capacity is to improve, there is an urgent overdue need to rationalise government funding mechanisms to give more streamlined longer-term funding linked to broad community development goals. In particular, the negotiation of multiple departmental program and funding objectives with the priorities of Indigenous communities in different locations, is overdue and needs attention.
- Related to this, the current rationalisation of organisations that is a policy consequence, if not goal, of the Australian and other governments is not being sufficiently monitored and evaluated in its local impacts on communities.
- To reduce the time and internal resources Indigenous community organisations spend on managing a multitude of different, short-term funding contracts and reporting requirements, governments need to significantly reduce the number of separate contracts and reporting requirements they have with Indigenous community organisations, and move to agreements which span several years and link related programs.
- There is an urgent need for targeted, coordinated government resourcing of capacity development, mentoring and training for Indigenous governance. This will need to be flexible, place-based, context-specific and not limited to corporate governance training.
- With the gap left by the abolition of the ATSIC Regional Councils, a renewed investment is needed by governments and Indigenous people to strengthen governance at the community and regional levels. Governments need to adequately resource and support Indigenous people to fully participate in these governance processes to establish legitimate and effective regional bodies with whom to interact.

*Emerging implications and issues for Indigenous organisations and their leaders*

- The effectiveness of community governance at the moment is directly related to the capacity of community leaders and organisations to strategically manage and negotiate their engagement with the highly influential wider environment. This is taking a lot of time, resources, and work from representative organisations and leaders, but is essential. Successful Indigenous organisations are ones which have a good understanding of this wider environment and engage with it very strategically.

- Indigenous governance is dispersed within communities and across many regions, sometimes in ways which contribute to resource sharing and achieving common goals, and sometimes in ways which undermine effective governance and service delivery. In some communities and regions, the multiplicity of small organisations appears to exacerbate the difficulties associated with competition for scarce resources (human, capital, financial, services, natural, etc.).
- The histories of Indigenous community organisations in the ICGP case studies indicate there is considerable resilience and capacity for reinvention and adaptation, but that this is less so with smaller under-resourced organisations. Indigenous communities need to consider and clearly articulate how they can achieve the desired autonomy of various sub-groups, while at the same time utilising more strategically the scarce resources they have by networking, federating or designing innovative governance configurations that suit their particular regional and community contexts.

## 9.6 CAPACITY DEVELOPMENT FOR GOVERNANCE

Inadequate capacity exists across at least four layers or dimensions of governance, and across both Indigenous and non-Indigenous 'worlds' of governance: the individual, the entity (e.g. group, network, structure), the inter-relationship between entities, and the surrounding legal, policy, institutional and socioeconomic environment. The 'governance culture' of each 'world' and their interactions is also influential on capacity. Sensitive understanding of the differences between these cultures is important for success.

These dimensions of capacity development need to be considered within a systems framework; that is, they need to be analysed and addressed as part of an interconnected *system*, rather than in isolation. There are a number of constraints identified in the wider environment, and specific problems in the current nature and quality of governance capacity development training programs. Capacity development for governance is not a 'power neutral' process—it is concerned, for example, with the flow of funds, access to resources, the power to make decisions and control of assets. Capacity development should be a process that actively strengthens Indigenous decision-making and control over their core institutions, goals and identity, and that enhances cultural match and legitimacy.

### *Emerging issues and implications for governments and policy makers*

- Governments need to address the systemic constraints to capacity development of Indigenous communities. These relate to the adequacy of their own policy, funding and legal frameworks; the effectiveness of mainstream education and training programs; the extent of service-delivery coordination; the impacts of government program guidelines and reporting criteria; the extent of public-sector capacity; the extent of political and bureaucratic will; the scope for devolved power and authority; different layers and views of accountability; and erratic property rights.
- Governance capacity development and training for Indigenous communities needs to take account of the findings emerging from this research. Sorting out the relationships and supporting the 'intangible' institutional work of governance is a starting point.
- This will best be achieved through a community-development framework, providing support from governments and NGOs, carried out in local contexts, and over extended periods of time. Such an approach involves working on relationships among people, building up trust, facilitating internal processes of understanding the relevance to governance of their shared history and identity, and common values and goals which could inform future governance arrangements. Gaining the 'technical skills' for governance, while important, is a second order aspect of initial capacity development.

- In undertaking a developmental approach to building organisational and community governance, government departments will need to pay greater attention to supporting more consistent engagement by their officers on the ground. The 'musical chairs' of departmental project officers coming and going from communities is counterproductive to establishing the relationships of trust that are prerequisite for effective community development processes.

*Emerging implications and issues for Indigenous organisations and their leaders*

- Strengthening governance capacity development is being shown to involve working on relationships among people, understanding their shared history and identity, identifying common values and ideals, and thinking about how to work together towards some shared goals, as well as learning the technical skills for governance of organisations. Community groups would do well to ensure that they build this internal process into their consideration of any new forms of organisational governance.
- There is a central advocacy role for Indigenous leaders in promoting governance capacity development and institution building within their communities and organisations. Indigenous leaders need to develop formal strategies to build governance interest and capacity among individuals, and within their organisations as a whole.
- Youth leadership, succession, and the need for mentoring also arise as key issues for organisations.
- Groups or 'families' of organisations that can form partnerships, alliances, or federations appear better placed to share resources and capacities, and therefore weather storms. Strengthening such inter-Indigenous organisational networks is valuable.

## 9.7 EFFECTIVENESS AND EVALUATION OF GOVERNANCE

Indigenous community organisations operate across two interconnected 'worlds of governance' and authorising environments—the world of non-Indigenous systems, laws, institutions and processes; and the world of Indigenous processes, laws, institutions and processes. In the everyday lives of Indigenous people, these worlds are often enmeshed, so their governance arrangements become a major site and product of that intersection. The case studies indicate that aspects of both interconnected worlds strongly influence the governance capacity and effectiveness of organisations.

Both governments and Indigenous people want community organisations to deliver reasonable levels of services, and provide good financial management and accountability. The key areas of difference relate to the Indigenous processes and relationships by which organisations operate, and to governments' emphasis on risk avoidance, financial micro-management, and compliance reporting.

Indigenous people want their organisations to provide clear, culturally-informed and regular communication with the community members they serve. People want to be consulted, to know what their organisation is doing, know what decisions are being made and why, and have confidence in the way the organisation operates. They want financial transparency especially, and good communication.

The multiple and frequent reports required to government funders can stifle community organisations, diverting precious, limited resources and staff time away from core governance processes which strengthen organisational capacity and foster responsive accountability to their communities. The 'silo' funding arrangements and program reporting requirements of governments can also impede effective planning and service delivery, and place unacceptable constraints on organisations, which may lead members to judge them as ineffective.



*Emerging issues and implications for governments and policy makers*

- There is an urgent need to simplify funding arrangements at the local level, to reduce the silo effect and multiple contracts and associated reporting requirements.
- Funding timeframes need to be longer to allow for more effective planning (minimally they should be three-year timeframes and be based on regional and community agreements), and funding agreements should be more flexible and responsive to changing conditions.
- Outcome-based contracts should be negotiated with Indigenous organisations, based on a fuller knowledge of the local conditions and recognising their experience in these locations.
- Government accountability regimes could include negotiated forms of transparency, such as culturally-aware communication with the community organisation's constituency, as a risk-management approach.
- Forms of program accountability need to be transparent both ways, and publicly reported.
- A governance crisis, such as organisational indebtedness or insolvency in an Indigenous community may reflect far deeper issues than a corporate auditor or similar intervention can resolve. A crisis can present an opportunity to resolve deeper historical, social and cultural issues, but there needs to be adequate and timely community development support available to Indigenous communities to assist them to do so in the context of building robust governance.
- It is important for evaluation to be built into the development of any new governance arrangements. This includes collating baseline data on selected socioeconomic indicators before new arrangements begin, regular monitoring of progress and stakeholder analysis during implementation, as well as timely independent external evaluation of the new governance arrangements.

*Emerging implications and issues for Indigenous organisations and their leaders*

- Effective Indigenous community organisations deliver services and operate in ways which are considered fair and transparent by the people whom they serve, and in accord with local Indigenous values and institutions.
- Successful organisations consult and communicate with their people in ways which are meaningful to them (e.g. explaining decisions, programs, and finances simply, and in language where necessary).
- Leaders should operate with a high degree of integrity and be seen to be fair. Their behaviour is judged according to whether it is consistent with Indigenous values and institutions, but within organisations it is important for them not to support some groups over others. To this extent there may be important differences in expectations and performance which leaders have to negotiate for themselves between organisational leadership and their wider community leadership roles.
- Crises can be a motivator and opportunity for change in governance arrangements, but one highly successful organisation shows that to ride out major change, operations must be systematically reviewed and continuously adapted to changing circumstances.



Finally, our analysis of self-selected organisations who submitted applications to the *National Indigenous Governance Awards*, reveals that the following self-assessed elements seem to be of critical importance for good governance:

- a clearly articulated relationship between the formal organisation and the traditional cultural, leadership and governance systems of the wider Indigenous community
- agreed representative models that emerge from, and reinforce, the wider cultural systems of decision making and authority
- a range of customised institutions, policies, and procedures which help clarify roles and responsibilities, and set standards of conduct and expectations of leaders, boards and staff
- a clear separation of strategic and operational decision-making
- mediation and conflict resolution processes
- ongoing board and staff training, mentoring and development
- systems in place for maintaining continuity of board members and senior staff
- tools such as strategic direction documents, business and work plans, and transparent decision-making processes, to help boards make good decisions
- good internal communication, and consultation and communication with members and stakeholders
- good relationships and trust between boards and senior managers, assisted by tools such as performance management systems, and clearly set out employment contracts
- human and resource development, including of future leaders, and succession planning; fostering a positive internal 'governance culture' of shared values, goals and commitment, and
- adaptive governance where there is flexibility, ability to learn from experience, and capacity to make changes.

## NOTES

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1. Kathryn Thorburn is undertaking **two** related case studies—Bunuba Inc. and Kurungal, both in the West Kimberley. There is no 2005 data from the Torres Strait Case study. Thus there are 11 current Indigenous community case studies, with a total of 12–14 proposed.
2. The *Indigenous Governance Awards* have been established as a partnership project between Reconciliation Australia and BHP Billiton to encourage, reward and promote best practice in Indigenous governance in Australia. The awards are an annual event and incorporated Indigenous organisations from across the country are eligible. The awards are intended to show what works in Indigenous governance, boost awareness about the benefits of effective governance, and encourage organisations to invest time and energy into this element of their work for Indigenous communities. The Awards are open to all Indigenous community organisations (incorporated under legislation) operating at national, regional or local level. Nominated organisations must be at least 51 per cent Indigenous owned and have been in operation for one year.
3. See for example, Dodson and Smith 2004 and references to related Australian research; Cornell et al 2000; de Alcantara 1998; Hylton 1999; Kalt 1996; Plumptre & Graham 1999; Jones 2002. See also Indigenous case studies listed on the Reconciliation Australia website: <<http://www.governanceconference.nt.gov.au>>; on the *State, Society and Governance in Melanesia Project* website: <<http://www.rspas.anu.edu.au/melanesia/>>; and on the *Harvard Project on American Indian Economic Development* website: <<http://www.ksg.harvard.edu/hpaied/>>.
4. These are usefully reviewed by Kooiman 2003.
5. Edwards and Clough refer to the following OECD definition of corporate governance as 'the full set of relationships among a company's management, its board, its shareholders and other stakeholders. It provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance determined' (Edwards & Clough 2005: 2).
6. A simultaneous study is being undertaken during late 2005–2006 of *Success in Aboriginal Communities* by AIATSIS for the Australian Collaboration. It is focusing predominantly in Victoria and NSW.
7. The ABS defines discrete Indigenous communities as geographic locations with physical or legal boundaries that are inhabited predominantly (i.e. more than 50 per cent) by Aboriginal or Torres Strait Islander peoples.
8. This includes councils established under local government legislation, as well as 'declared bodies' which are not councils but are treated as such in order to receive financial assistance to perform some local-government type services.
9. Although there are some Indian nations who have been forced to live and work together on the same reservation lands.
10. In trying to summarise some common principles arising from the research case studies and the existing literature, we recognise that these are expressed in a diversity of structural and practical solutions on the ground in Indigenous communities across Australia.
11. In Australia, and related to Indigenous development, this might include governance defined narrowly or broadly, to mean Indigenous community governance or wider governmental structures and processes for engaging with indigenous people.
12. For example, in one case study location the population growth rate is estimated to be between 3–6% per annum, an extremely high rate based on natural increase. National ABS projections are based on a low rate of 1.8% per annum (natural increase) through to a high rate of 3.4% per annum (natural increase plus increased identification as Indigenous) (ABS 2004).
13. Housing has been achieved to IHANT 7 person per house standard.
14. The Northern Territory bilateral agreement described above may lead to some strengthened governance arrangements, but it is too early at this stage to assess the effects of the governance element of this agreement.

15. One of the ICGP researchers was also involved in the Review of Governance Training for Indigenous Organisations & Communities in the Northern Territory, and this Section draws on the Final Report prepared by Cecily Willis (2004) as well as the case study experiences.
16. For example one government body requires that all housing projects have to go to tender, have an external project manager, and meet standards which are hard to attain in that particular environment (e.g. septic systems).
17. The 2001 Census population for the town was 3,275. The 2001 annual average Indigenous growth rate in the Northern Territory was 1.6%, resulting in an estimated Indigenous population for the town of 3,494 (excluding town campers).
18. This representation ratio is arguably at the high end across Australia according to ORAC figures. But it should be remembered that the town organisations also service the regional residents who travel into town to access them, and that some organisations provide certain services 'out' to communities in the region.

## 10. APPENDICES

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Appendix A:	ICGP researchers and participating communities
Appendix B:	Regional governance models
Appendix C:	An organisational self-assessment
Appendix D:	Examples of governance for economic success
Appendix E:	A regional 'governance environment' in Central Australia
Appendix F:	Some suggested areas to consider in evaluating new government partnership and coordination arrangements.
Appendix G:	ICGP International Advisory Committee

## APPENDIX A: ICGP RESEARCHERS AND PARTICIPATING COMMUNITIES

The project currently comprises 13 case studies: 11 detailed case studies of Indigenous community governance and two policy case studies (No. 12 & 13). (Further case-study details are provided in Appendix E of the ICGP 2004 *Annual Report* (ICGP 2005), and fieldwork details are given in Appendices A and B of the ICGP 2005 *Annual Report*.)

**Table 1. Current ICGP case studies**

	Project Researcher/s	Community/organisation	Project Title
1.	Will Sanders and Bill Arthur	Torres Strait Regional Authority	Torres Strait regional governance and autonomy
2.	Will Sanders and Sarah Holcombe	NT: Anmatjere Region	The Anmatjere region of the NT: People, governance, industry, and development
3.	Jon Altman	NT: Maningrida (Bawinanga Aboriginal Corporation)	Governance contestation and economic development in the Maningrida Region, NT
4.	Bill Ivory	NT: Thamarrurr (Port Keats)	Kunmangurr, Legend, and Leadership: A study of leadership, succession and Indigenous governance focusing on the north-west region of the NT
5.	Frances Morphy	NT: Laynhapuy outstations, Yirrkala	Effective governance for small kin-based communities: The Laynhapuy Outstations of north-east Arnhem Land, NT
6.	Diane Smith	NT: Overview of NT Regional Authorities	Regional Authorities in the NT: Governance challenges and the governance environment
7.	Diane Smith and Leah Armstrong	NSW: Yarnteen ATSI Corporation, Newcastle	Yarnteen Corporation: Governing for sustained economic development in NSW
8.	Kathryn Thorburn	WA: West Kimberley, Fitzroy Crossing; Bunuba Inc. & Kurungul Inc.	Agency and sustaining development: Two case studies of Indigenous community governance from the Kimberley, WA
9.	Christina Lange	WA: Wiluna	Service delivery and governance: The effect of community, regional, and state governance structures on the delivery of services in Wiluna, WA
10.	Benjamin Smith	QLD: Coen	Changing forms of governance in central Cape York Peninsula, QLD
11.	Manuhaia Barcham	WA: Noongar, south-west region	A new way forward? Noongar unity from diversity in south-west Western Australia
12.	Patrick Sullivan	National focus	Cultural change for whole-of-government policy: Identifying impediments in implementing the Government's new arrangements for Indigenous services
13.	Bill Gray and Will Sanders	ACT: Secretaries' Group on Indigenous Affairs (national focus)	The Secretaries Group and the New Arrangements in Indigenous Affairs

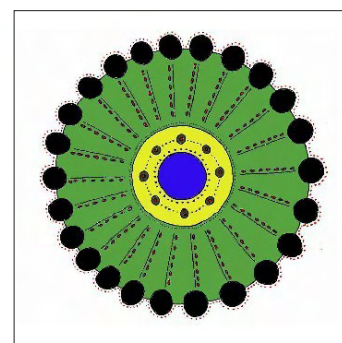
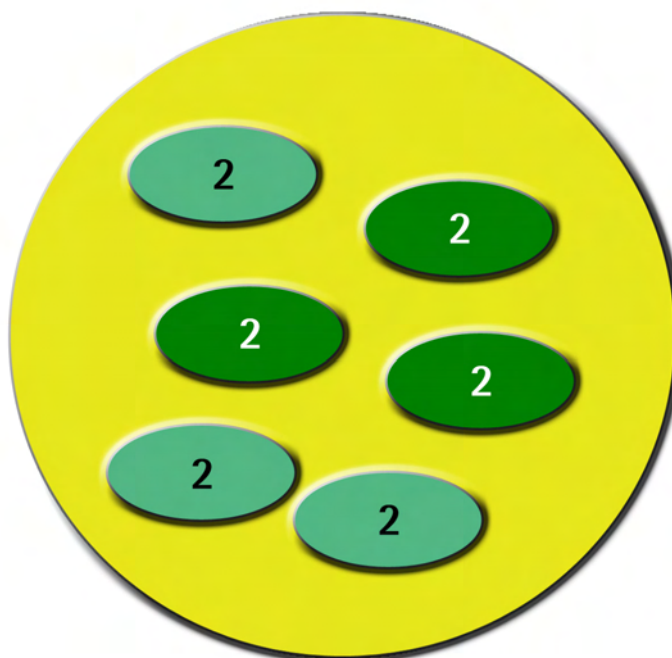
Table 2 indicates three Indigenous community case studies that may commence in 2006 if permission is given.

<b>Table 2. Proposed ICGP case studies 2006</b>			
	<b>Project Researcher/s</b>	<b>Community/organisation</b>	<b>Project Title</b>
1.	Sarah Holcombe and Will Sanders	NT: Alyawarre region	The possibilities of an Alyawarre Region in the NT: People, governance and networks
2.	Diane Smith	NT: Wadeye (Port Keats)	Women, governance and leadership at Wadeye
3.	Diane Smith	NT: West Central Arnhem Land	Building Regional Governance in West Central Arnhem Land



## APPENDIX B: REGIONAL GOVERNANCE MODELS

**Fig. 5. Regional model with representation based on language groups, clans or family groups**



Insert, right: Logo of the Thamarrurr Regional Council.

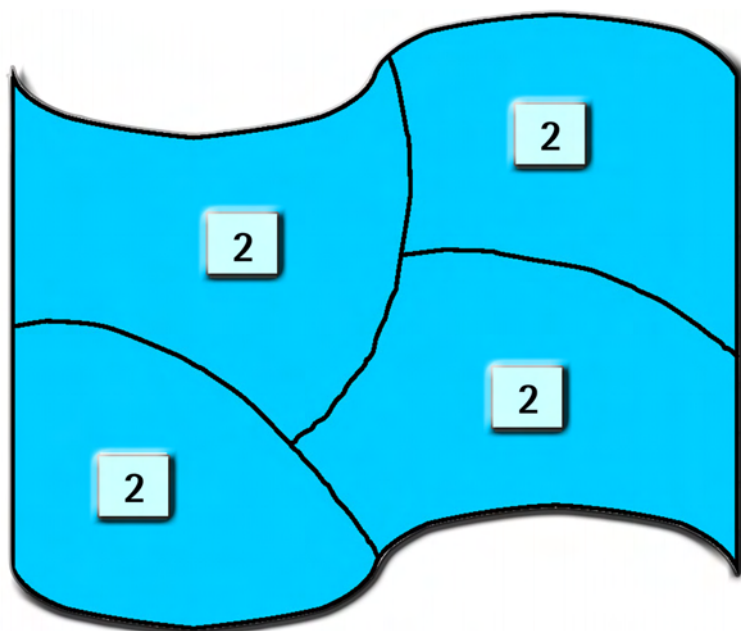
### FEATURES:

1. The region has a cultural geography and is divided according to Indigenous social, ceremonial kin or language groupings.
2. Each grouping selects an equal number of members according to traditional decision-making processes and criteria. They may select a different number of members if desired according to size/influence of the groupings.

### EXAMPLE:

The Thamarrurr Regional Council Structure and logo (above) with 20 clans having two representatives, each selected at separate clan meetings

**Fig. 6. Regional representation via wards based on a combination of communities, organisations, and traditional ownership rights**



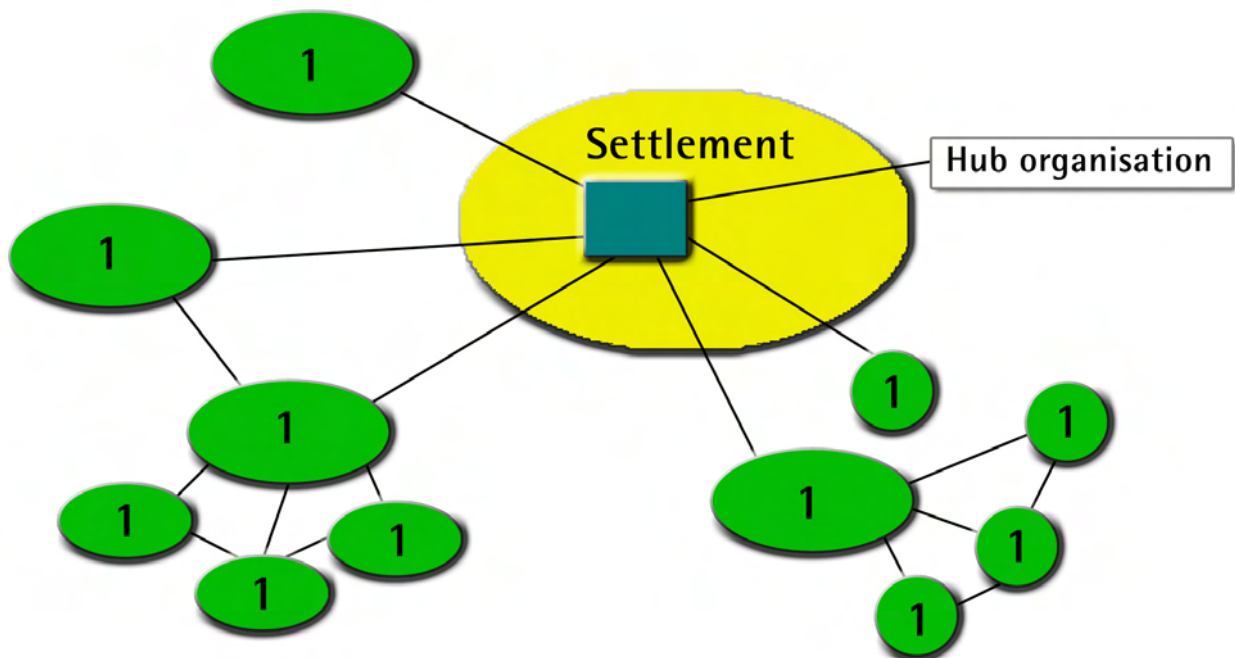
#### FEATURES:

1. The region is defined by functional and traditional criteria. It is divided into Wards based on discrete communities and on organisational representation of a major sub-region.
2. Residents of each community constitute a Ward. They nominate and vote for one representative from their own Ward, and select a traditional-owner representative through traditional decision-making processes.
3. Residents serviced by a sub-regional organisation may constitute a Ward. They nominate and vote for one representative from their own Ward, and select a traditional-owner representative through traditional decision-making processes.
4. Representation for organisations and communities may be equal or unequal.

#### EXAMPLES:

West Central Arnhem Land Regional Authority (proposed).

**Fig. 7. Regional model based on homelands 'hub and spokes' representation and service delivery**



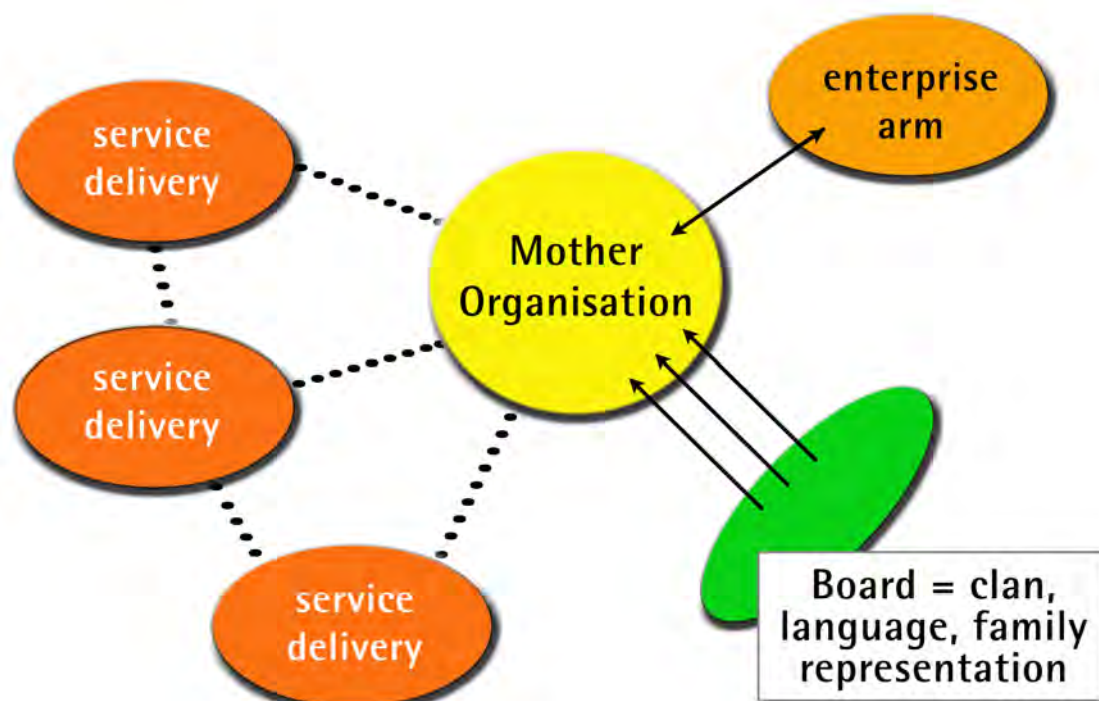
#### FEATURES:

1. The region is comprised of homelands and resident members living on their traditional country. They are represented and provided with services from a centralised hub organisation that is located in a large community.
2. The model is both functional and culturally-based.
3. Certain homelands are more closely affiliated with each others through kin marriage ties, forming connubia. These may begin to form additional tiers of outlier 'hub and spoke' relationships.
4. Residents of each homeland nominate one representative from their own country, selected through traditional processes.
5. Representation for homeland communities may be equal or unequal.
6. A smaller core of nominated representatives forms an executive for the centralised hub organisation.

#### EXAMPLES:

Laynhapuy, Bawinanga, Demed Julbawanagu Associations.

**Fig. 8. Regional model based on umbrella 'family' of organisations with family board representation**



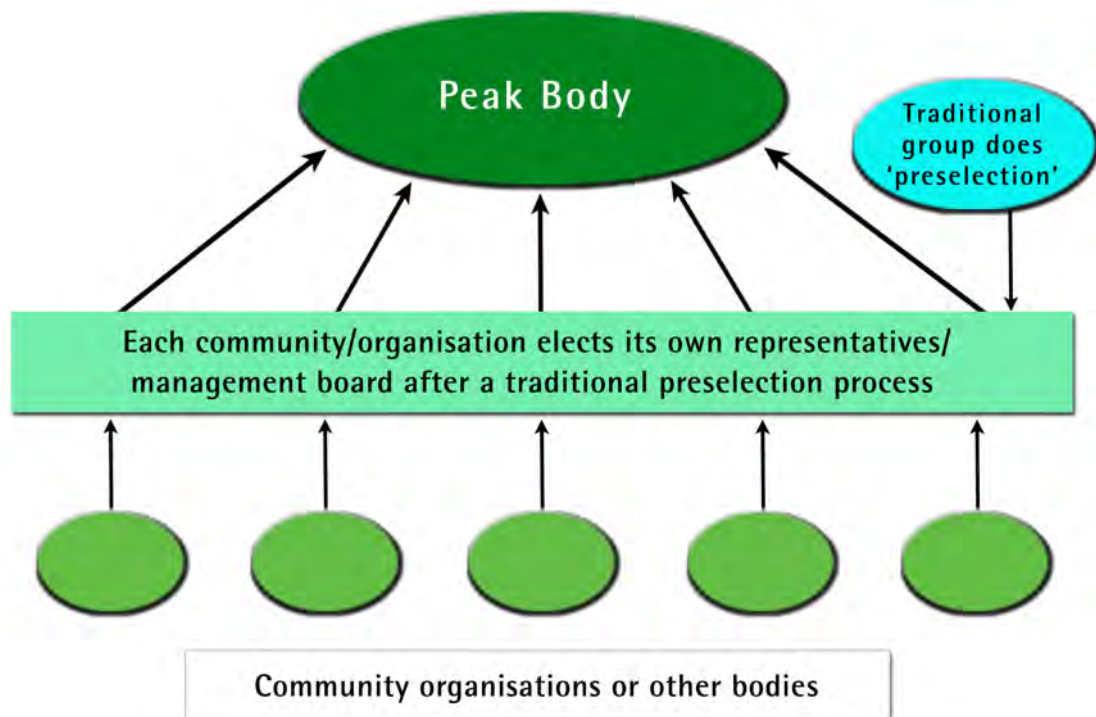
#### FEATURES:

1. The region is constituted as a functional one comprising clients and families serviced by a set of service organisations. The clients may be overlapping; they may be distinct according to service's focus.
2. The organisations have been incubated out of a 'mother' organisation which provides an umbrella for financial, administrative and management advice, and leadership mentoring.
3. The 'mother' organisation may keep its business arm, enterprise companies and trusts in an exclusive legally-based relationship with itself.
4. The members of the Board of the 'mother' organisation are based on extended family culturally-based ties.
5. Those Board members may or may not also sit on the board of the service organisations; some or all of the members of the board of the mother organisation will probably comprise the board of the enterprise arm.

#### EXAMPLES:

Yarnteen Corporation, Bunuba Corporation.

**Fig. 9. Regional model based on peak body and confederation of community bodies**



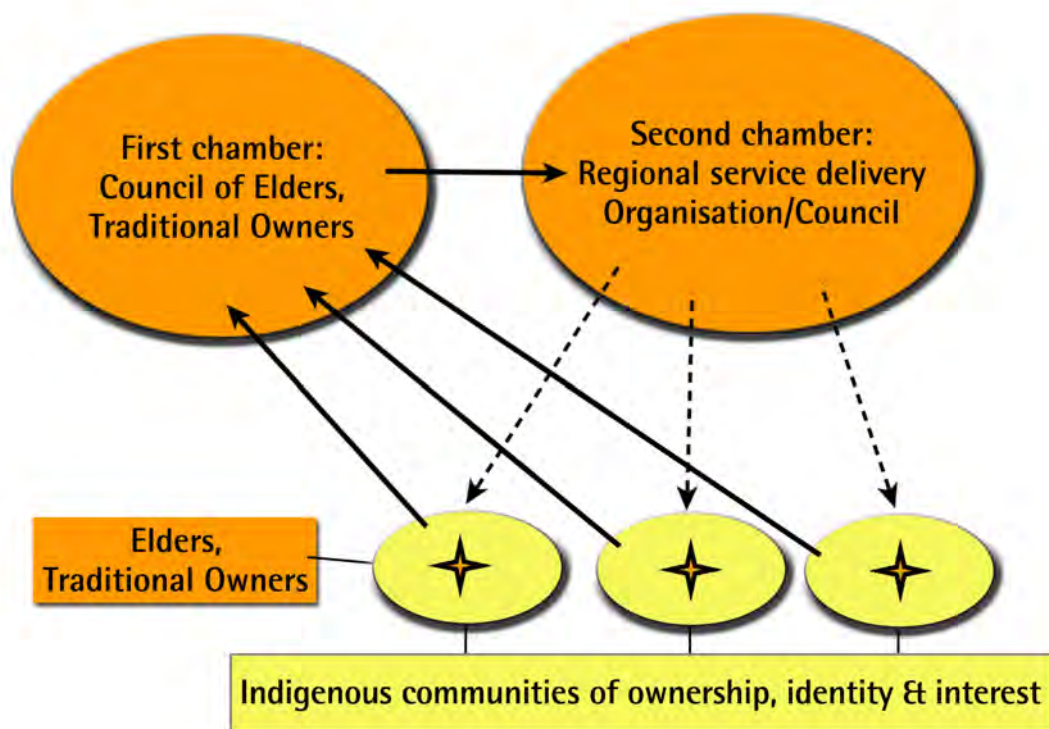
#### FEATURES:

1. A peak Indigenous body acts as the representative of all constituent organisations and their members.
2. The region covers the combined areas of the constituent community organisations which may be formally gazetted via culturally-based rights and interests, or by functional service areas.
3. The constituent organisations and their communities nominate or elect representative members, some (or all) of whom act as the executive group for the peak body. There may be more detailed tiers of election of representation between the community and regional peak body level.
4. Community representatives may be elected by vote or by traditional processes.
5. Constituent community organisations may be dissolved or retained; but there will be some mechanism of endorsement at community level for peak body representation.

#### EXAMPLES:

Nyirringulung Regional Authority, Ngaantjarra Regional Agreement Structure, possible variation being discussed for Noongar Regional Peak Body.

Fig. 10. Federated bi-cameral model



#### FEATURES:

1. The region is comprised of gazetted or determined Indigenous land, and/or other areas associated with Indigenous communities of land ownership, identity and interest.
2. Constituent groups of land owners nominate elders or traditional owners to a First Chamber.
3. The First Chamber nominates or preselects the executive for the Second Chamber.
4. The Second Chamber acts as the functional and administrative governance arm of the First Chamber and delivers services to the same members/clients.
5. The First Chamber continues to represent the cultural and land-ownership rights and interests of the communities.

#### EXAMPLE:

The Miwatj Provisional Government.



## APPENDIX C: AN ORGANISATIONAL SELF-ASSESSMENT

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One participating organisation in the ICGP, Yarnteen Aboriginal and Torres Strait Islander Corporation, used the opportunity to undertake a self-evaluation of its governance effectiveness. The Project adapted to Australian conditions the *Governance Effectiveness 'Quick Check'* produced by the Canadian IOG (IOG 2002). The results of this customised exercise, combined with the researcher's own observations, revealed that Yarnteen has developed extremely effective and legitimate governance practices and institutions. Specifically, it exhibits the following characteristics:

- good role clarity and clear lines of accountability;
- experienced, honest and visionary leadership;
- strong board capacity, role modelling and consensus skills;
- a culture of commitment to a shared future direction;
- positive working relationships between the Board, Chair, Executive Director, management and staff;
- a harmonious working environment where staff contributions are valued;
- processes for planning and monitoring the achievement of objectives;
- a balance achieved between stability and flexible responses to environmental changes;
- a willingness to manage and resolve disputes within the organisation, and having procedures and appeal processes to use in such situations;
- successful consensus decision-making, followed by efficient implementation of decisions;
- respect for the organisation's values and goals;
- adherence to a code of behaviour by Board Members, management, and staff;
- a commitment to maintaining a clear balance between the organisation's economic development goals and its community development work to ensure that enterprise success is fostered and sustained;
- a high degree of stakeholder support for the organisation's governance credibility and reputation; and
- hard-working leaders, hard-working management and hard-working staff—creating a capacity to deliver.

These qualities have contributed enormously to its ongoing economic and community development success. Importantly, the creation of 'good governance' evident in Yarnteen is not an imposed idea or structure. Yarnteen's governance has been very actively shaped by the leadership of the Chair and Executive Director, the quality of the Aboriginal people on the Board, and by their Aboriginal traditions and values.

This has created an extraordinarily resilient and successful form of governance that not only works in an Aboriginal way, but also meets all the criteria for effective corporate governance in any large company. The 'governance culture' that has been created at Yarnteen:

- emphasises the importance of intangible values such as loyalty, trust, respect, hard work and mutual support;
- reinforces a commitment to a shared vision, and places a high institutional value on strong leadership, internal and external accountability, and the effective management of resources;

- endorses a philosophy of 'restless self-renewal';
- recognises and reinforces the Board's stability, its central role in the organisation and its capacity to arrive at consensus decisions about how to move forward and achieve 'one goal'; and
- recognises and supports the fundamental role and capacity of its leaders.

## APPENDIX D: EXAMPLES OF GOVERNANCE FOR ECONOMIC SUCCESS

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### YARNTEN ABORIGINAL AND TORRES STRAIT ISLANDER CORPORATION

Yarnteen has been able to use its port-side geography and its access to, and ability to develop, a capable workforce to advantage. It operates bulk grain-handling and quarantine facilities for import and export markets; runs a cultural and conference centre; a CDEP scheme combined with an employment/training centre; owns residential and other property in Newcastle; and is negotiating with Indigenous Business Australia for further property investments. It has a majority of Indigenous staff and management.

Yarnteen has incubated other offshoot organisations, among them: Port Hunter Commodities Pty Ltd (which runs the warehouse and quarantine services); the Youlœ-ta Indigenous Development Association (which runs the CDEP scheme and the Employment Centre); and the separately incorporated Awabakal Cultural Resource Association, which provides cultural activities, aimed to maintain and revive culture and language. It has recently expanded its business development by opening a car wash business in Port Macquarie, using the latest 'green' technology from the United States of America. Thus it has built up a 'family' of related incorporated organisations, which are linked more widely to other community and regional Indigenous organisations.

This only happened because it had visionary leadership and actively developed the governance qualities outlined in Appendix C. Its objectives were always focused on economic development within a cultural and community framework, rather than service delivery; thus it has developed the institutional structures to advance its strategies of enterprise development (through Port Hunter Commodities and Yarnteen Commercial Enterprises Pty Ltd), property investment (through Yarnteen Pty Ltd), and Indigenous business development.

Yarnteen puts its economic development success down to its sustainable governance, its organisational and management stability and skills, its awareness of enterprise realities and opportunities in the wider environment, its hard-headed risk appraisal of opportunities, ongoing review of its portfolio and strategic plan, promotion and marketing of its business/management capacity and services, and being 'on the front foot' with new technology. This assessment runs through the entire organisation, and is confirmed by external stakeholders. The 'intangibles' of shared values and commitment, which are constantly reinforced, have been important, and the organisation reflects a balance between stability on the one hand and openness to learn, adapt and innovate on the other.

In this case, it seems that very strong governance, entrepreneurial leadership and sound management have enabled latent economic opportunities to come to fruition and be sustained in a tough business world and a changing policy environment. Yarnteen has been able to leverage and combine successfully various forms of capital (e.g. institutional, human, financial, cultural and natural) so that it is now in a strong position. Its use of the CDEP scheme to assist it to develop human capital through an in-house training scheme since its inception, is one such example.

Yet maintaining its success in the current environment remains a challenge. There is little sense at Yarnteen of governments providing an enabling environment for entrepreneurial approaches; rather, the new micro-management and corporate accountability approach of government seems to constrain their efforts.

### BAWINANGA ABORIGINAL CORPORATION

Bawinanga Aboriginal Corporation (BAC) at Maningrida in the Northern Territory began over 30 years ago as a resource centre for people returning to live on their country, through provision of basic housing and services (e.g. water, sanitation, communications, roads). Having met its initial goals, it has over more recent years turned its

attention to the development of enterprise and regional economic development, whilst still maintaining a focus on land, language, and cultural goals that have always been at the heart of its work. It is doing this in a context in which non-Indigenous business (with the exception of mining and some major tourism resorts) has not succeeded. Its budget of \$26m makes it perhaps the most economically successful Indigenous organisation in the country, and it has a myriad of strategies for providing economic opportunities for the 800 people it serves. These combine the development of services with training and employment opportunities, and can be categorised as:

- a) Urban, household and office services: including a cleaning team; hairdressing; retail; construction of fences; a mowing service; roadside slashing, rubbish collection, and recycling services.
- b) Art and cultural activities: a wide range of art forms, including fabric and textile printing; bark painting; sculpture; and a wholly-owned marketing outlet in Darwin.
- c) Natural resource management: including The Djelk Rangers, a program which has been operating for 12 years to combine land management with sustainable harvesting of wild produce. It is demonstrating considerable success in weed control (especially Mimosa) and is starting retail sales of cycads. Sea Rangers are a new arm of the Djelk Ranger Program, and a Djelk Women Rangers program has begun. The Land Rangers are developing crocodile and turtle hatchlings, a Morinda plantation (for juice production), and collaboration with research institutions is making a major contribution to the development of management plans for a variety of plants, trees, and animal species. The Sea Rangers undertake patrols to monitor commercial fishing, and illegal or unusual activity, and are working with researchers to trial sustainable sea sponge, mud crab, and mud mussel industries. They have had much success in 2005 in detecting illegal fishers. Women's projects include turtle and mussel harvesting, seed collection, revegetation, and Mimosa monitoring.

These activities are resourced through the *Caring for Country* program, the Indigenous Protected Area Program and Natural Heritage Trust (Department of Environment and Heritage), and the CDEP scheme, as well as commercial loans. BAC uses profits generated from its commercial activities to finance higher risk development strategies. BAC's training program strongly supports these economic developments, offering certificate courses in resource management to support the Ranger programs.

BAC has utilised natural, cultural (both traditional and scientific) and human capital combined with the necessary business capital (e.g. land and sea transport) to generate economic development in a context where infrastructure capital is sufficient so that basic needs for shelter and water are met.

BAC's success emerges from its strong traditional owner base and customary governance institutions, which result in a degree of political stability in the Indigenous realm, combined with a very capable and stable non-Indigenous management team over more than a decade.

#### **BUNUBA INC.**

Another organisation which is developing the basis of a sustainable economic future is Bunuba Inc. This organisation has a number of assets including three cattle stations which account for some 75 per cent of the traditional lands of Bunuba. It also has various business interests in the town of Fitzroy, including a 40 per cent share in Leedal Pty Ltd (which owns both hotels in town and the only supermarket), and a 50 per cent share in the service station, Ngijali. Bunuba Inc's corporate arm, Bunuba Pty Ltd, also holds a portfolio of freehold property within the town of Fitzroy Crossing. There are also negotiations relating to significant diamond deposits on country affiliated with Bunuba.

These investments are yet to return a regular income stream to Bunuba Inc. In part, this issue relates to financial flows—Bunuba Cattle Company, for example, like most pastoral enterprises of its size operates at a profit but with limited cash flow. The divestments of net profits from both the roadhouse and Leedal Pty Ltd back to Bunuba Inc. are decisions still to be made by the Boards of each company, and to an extent depend on Bunuba Inc.—along with any other shareholders—making an application to those Boards for funds for particular activities or projects. The level of ownership in each company, however, guarantees Bunuba people seats on both of these Boards.

Bunuba Inc. has been in the process of developing an agreed structure for a trust-like entity to manage royalties from the diamond mine agreement and profits from the stations and other businesses when they materialise. The organisation has already drawn up a comprehensive strategic plan, which would guide the investment priorities of such a trust.

## DISCUSSION

While Yarnteen has emphasised services and activities in the public and private sector for its economic development (utilising commercial loans as well as public sector loans through Indigenous Business Australia (IBA), and CDEP), BAC has used public-sector programs (e.g. CDEP, *Caring for Country*) as the launching pad for private-sector activity—small scale service industries, sales of art, and sustainably harvested produce.

The factors which seem common to the *sustained* economic success of both organisations are their leadership vision, their ability to link together resources and opportunities in creative ways (including research support), and their strong, stable management. That is, they successfully combine various types of capital through strong governance capital for economic development.

Much of the prerequisite infrastructure capital was already in place in Yarnteen, and over time has been improved in Maningrida. In both cases they have actively developed relationships with outside agencies to assist them move towards their goals. In Yarnteen's case, links with Indigenous Business Australia, an information technology company, and banking institutions have been very important. In BAC's case, the linkages with various research institutions combined with selected government programs have been instrumental.

Both have a track record of delivery which enables them continued access to discretionary program funding, as well as a scale of CDEP operation and project management capability. Horton et al. (2003) emphasise that management, including strategic leadership, program and process management, and networking and linkages are critical to turn capabilities into organisational performance. This seems to be borne out in these two case studies.

The third example here, Bunuba, has already developed a governance structure congruent with its cultural context, has significant land holdings, has been able to draw together the financial capital, the skilled people, and the ability to 'strike a deal' because of the strong leadership evident there.

## APPENDIX E: A REGIONAL 'GOVERNANCE ENVIRONMENT' IN CENTRAL AUSTRALIA

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A region in central Australia demonstrates the complexities of the governance environment for Indigenous Australians. The region is remote, serviced largely by a network of dirt roads, a weekly air service delivering post, and road delivery of food, building, and other goods. There are four major communities with a number of well-established surrounding outstations. There are three different forms of local government incorporation across the communities: two have community councils incorporated under the Northern Territory *Associations Incorporation Act 1978*; another community government council operates under the Northern Territory *Local Government Act*; and another council Aboriginal corporation is under the ACA Act. As a result, the community councils have different statutory regulations and guidelines applied to their constitutions, functions, and membership.

Each community council has a non-Indigenous town clerk whose task is to deliver local government services under the direction of a council board and executive of Indigenous people. However, as with municipal councils, the four remote councils and their town clerks undertake a much wider range of service functions.

The councils and their management routinely act as funding channels for a multitude of government grants and programs for local organizations, which in turn deliver program activities to the same communities and surrounding outstations. On each community there exist a number of other incorporated bodies which take on service delivery and decision-making roles, but which lie outside the orbit of the council's own statutory jurisdiction. For example, one community with 280 residents has three other incorporated organisations under the ACA Act (store, aged-care centre and art organisation) apart from their community council, as well as a primary school and health service centre provided by Northern Territory government departments.

Another community with a population of 450 people has six incorporated organisations under the ACA Act apart from their community council, including two health-based corporations, a store, art centre, women's centre, and outstation resource agency. A primary school operates under the Northern Territory Department of Employment Education and Training with an Aboriginal Student Support Parent Awareness Committee providing a forum for Indigenous parents' voice in community education. In 2004, Yirarra College (based at Alice Springs) delivered secondary services at the school, providing an educational capacity that is not government based. The two other discrete communities in the region each have one incorporated body (the store). One also provides a major primary school and health service in the region (under Northern Territory government departmental oversight). This is a comparatively modest rate of organisational representation at the discrete community level.

Each community and its surrounding outstations is associated with a number of 'named', extended family groups. Larger families and their senior leaders are also closely associated with the historical establishment and running of particular incorporated associations. In some instances, certain families are seen to 'specialise' in the governance of specific service-delivery functions (e.g. one family will be involved with health services and organisations, another with education, another with arts and crafts).

These families have genealogical and other linkages to other families in the surrounding region, and certain members are highly mobile along regional networks. In other words, the governance of each community is internally dispersed across several organisations and families of polity, and further dispersed across the region via webs of relationships and organisations.

An added factor which impinges on the effectiveness of Indigenous governance in these communities is the role of non-Indigenous people in key management and staffing positions, and their own relationships in a community. For example, some non-Indigenous managers have family members who also occupy key positions in other organisations in the same community. There are good reasons why this happens—communities lack access to



professional staff and accept 'couples' as a way of getting two employees, and there is a lack of adequate housing for single staff members. But these arrangements also tend to create webs of non-Indigenous power and politicking within a community. This politicking is often focused on community organisations and key resources, and there are also influential relationships of patronage—both positive and negative—between non-Indigenous staff and specific community leaders. These Indigenous/non-Indigenous relationships can have profoundly negative impacts on the governance of a community when they solidify factionalism and competition, or begin to interfere with the daily management and decision-making of representative organisations.

This complex set of community 'governance environments' in one area of central Australia is located within an equally complex regional governance and leadership environment. The four communities used to lie within an ATSIC Regional Council zone. The elected members of that defunct ATSIC Council have been moving onto the governing committees, boards and leadership positions of other regional organisations, creating new power niches and often organisational change.

Indigenous leaders within each of the four communities often simultaneously undertake senior positions in different Indigenous and government agencies at regional, Territory and Australian government levels. For example, a previous ATSIC Regional Council member from one community is also a member of a community council, as well as being the chair of another community centre, and on the governing board of several other regional organisations. A senior member of another community council is also a member of the Central Land Council's Full Council and a board member of a large regional royalty association. A number of council members from the four communities are traditional owners whose statutory rights and interests are represented by the Central Land Council. There are several leaders across the region with considerable organisational, political and policy-making experience. Overall, however, the leadership is fractured and operates under considerable pressure and heavy workload.

Some regional organisations are based around specific constituencies having legal rights and interests in respect to land and resource development (such as traditional owners, royalty recipients). Other organisations target their services generally to Indigenous residents of the region (e.g. health, aged care, youth, child-care, women's services). Since the demise of ATSIC, some organisations are vying with each other for the status of the governing organisation for the region, amidst a history of efforts to create an Indigenous representative government for an even bigger geographic region.

This 're-positioning' of governance goals is being carried out in a context of the complex regional dispersal of Indigenous decision-making and authority across a multitude of traditional-owner groups and representative organisations. The main town for the region, Alice Springs, acts as the major service-delivery 'hub' for a wider regional population of approximately 15,000 Indigenous residents at some 260 communities (Taylor & Bell 2004). The town population (excluding the town camp population of over 973) is currently estimated at 3,494.<sup>17</sup> Current ORAC data (2004–05) records approximately 216 incorporated bodies in the town. This means there is approximately one incorporated Indigenous organisation for every 16 Indigenous residents of the town.<sup>18</sup> By any measure, this rate of 'organisational representation' raises concerns about its impact in exacerbating overlapping service delivery and organisational competition in a region which experiences significant shortages in professional personnel, management and administrative skills, low levels of human capital and infrastructure.

This governance complexity at the community and regional level is mirrored by a different kind of complexity at the Territory and national levels. Communities and their organisations within the region are subject to the policy, regulatory, legal and funding regimes of the Northern Territory and Australian governments. There are several major government agencies and regional government offices operating in Alice Springs, and delivering services

and funding to the region, including a new ICC office. Many of these departments deliver their services according to their own system of administrative 'regions'. Some of these align; many do not. In other words, there are several kinds of 'regions' (cultural, government, administrative, service, political, geographic). To date, NGOs have played only a small role in the region.

All communities in the region are substantially reliant on the welfare economy and short-term program funding from public-sector grants that have stringent accountability requirements. The changing national and Territory policy environment has led to new program and funding initiatives across the region, including the negotiation of several SRAs (by the Australian government) and a failed process of negotiation towards a regionalised form of local government (by the Northern Territory government). There are key individuals (both Indigenous and non-Indigenous) operating within the wider Territory and Australian governments who are locally influential in respect to policy implementation and program funding. Communities in the region are visited by a changing array of government ministers and departmental officers. As with the community and regional layers of this governance environment, the 'government' layers are characterised by their own internal tensions, alliances, silos, and competing objectives.

This regional example illustrates the challenges involved in achieving good Indigenous community governance in any particular context. Whilst the detailed social, institutional and political dynamics, and histories vary from place to place, the layers of complexity are present everywhere.

## APPENDIX F: EVALUATING NEW GOVERNMENT PARTNERSHIP AND COORDINATION ARRANGEMENTS

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The ICGP case studies have shown that Indigenous community governance is positioned within and impacted by layers of a wider governance environment (see Section 6 and Appendix E). Because of the connections and interrelationships which exist between community governance and the wider governance environment, evaluation of community governance necessarily has to embrace these interrelationships as well as the immediate community level of governance. In recognition of the important role of the governance environment, governments are changing their own governance arrangements in Indigenous affairs to overcome some of the problems of the past. During 2005 the ICGP was invited to help those involved in managing one of these new whole-of-government partnership and coordination models—the MWT Project—to think about how to evaluate their progress.

Drawing on the experience of the MWT Project and the broader findings of this research, there are some important elements and questions which we suggest could be incorporated into evaluation of any new arrangements, such as the COAG trials, to assess their effect on the quality of Indigenous community governance:

1. Are all relevant parties clear and agreed about the broad goals of the governance and coordination arrangements for the partnership and the values or principles which underpin them?
  - Who are the relevant parties to partnership governance and coordination arrangements in this region/context and are they all included?
  - Have some agreed partnership goals or principles been negotiated among the parties?
  - If there are different goals and values among the parties, how compatible or incompatible are they?
2. Are all relevant parties clear about and satisfied with their roles and relationships in the partnership or agreement?
  - Are the different components of governments clear about their roles and relationships in relation to each other and in relation to the Indigenous partners?
  - Are the Indigenous people clear about their role and relationships in relation to government partners and to their Indigenous constituency?
  - How satisfied are all stakeholders with the way these roles and relationships are working?
  - How adequate are levels of trust, respect for different views, communication, and transparency?
3. Are the governance arrangements for implementing the partnership or agreement considered legitimate by all key stakeholders?
  - Is the wider sociocultural context of particular governance arrangements understood and taken into account? How does the governance model reflect this?
  - What precisely is the relationship between the governance structures and the cultural relationships; have those been deliberately and clearly articulated? (Note: this does not mean that cultural relationships determine the structures, but the relationships must be explicit and widely accepted).

- How adequately have the traditional Indigenous principles of subsidiarity and relational autonomy been taken into account in the governance arrangements?
4. Do all parties have access to the information necessary to make good decisions?
    - Is there adequate baseline data about the community and/or region who are the subjects of the governance arrangements, and about the resources available to it, and how those are deployed?
  5. What changes to funding arrangements have the new governance arrangements fostered?
    - Why were these changes developed, who was involved in developing them, and how were they implemented?
    - Are these changes ephemeral or do they have structural traction within changed program funding guidelines, policy frameworks etc.?
    - What have been the impacts of these changes (positive and negative)?
    - To what extent have the changes reduced the number of contracts and reporting requirements and developed longer-term broader-based arrangements supporting realistic Indigenous goals?
    - How adequately have these changes addressed any shortfalls in citizenship services in the region?
    - How adequately do the changes reflect local Indigenous priorities?
  6. What are the accountability relationships in the new governance arrangements?
    - Who is accountable to whom and for what?
    - Have some benchmarks or indicators been established, and if so, how and by whom, with what legitimacy?
    - Have there been agreed, culturally-aware processes for monitoring progress and adjusting as required?
    - How satisfied are Indigenous constituents with their knowledge of the new arrangements and how decisions are made within them, and with their own governance structures and processes?
  7. What institutional tools have been helpful to the new governance arrangements (e.g. policies, agreements, codes of conduct, mediation processes)?
    - How have they been developed or customised?
    - Is there a need for any further development of such tools to facilitate better governance?
  8. Where, and how effectively, is leadership being exercised in both Indigenous and non-Indigenous arenas? (noting the concept may not be recognised or have the same meaning everywhere)
    - How can it be enhanced?
  9. Do the various parties have the necessary capacities to fulfil their governance roles? If not, where is capacity lacking? How can it best be developed?
    - What are the institutional and policy constraints to developing the necessary capacities and how can they be addressed?

- What resources are available for capacity development (e.g. through training, place-based developmental approaches, exchanges with other models, developing networking and federations)?
  - How are all participants reflecting on and learning from their experience? What deliberate strategies are in place to help them do that?
10. Is there a negotiated and agreed strategy for socioeconomic development in the region?
- Does it have legitimacy with all key stakeholders?
  - Does it reflect (probably diverse) Indigenous aspirations?
  - To what extent do the governance arrangements help foster appropriate new public or private sector partnerships with a socioeconomic development focus?
11. What strategies are in place for continuity and succession of personnel?
- How adequately is continuity maintained in the relevant governance board/committees and staff within each participating key stakeholder organisation, including particularly support to the senior staff of the Indigenous governance body?
  - Succession planning and youth development and participation in governance?

## APPENDIX G: ICGP INTERNATIONAL ADVISORY COMMITTEE

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PROFESSOR MICK DODSON AM, Chair of the Committee

Board Member Reconciliation Australia, Director, National Centre for Indigenous Studies, ANU

MS LEAH ARMSTRONG

Executive Director, Yarrteen Aboriginal and Torres Strait Islander Corporation, Newcastle, New South Wales

DR MANLEY BEGAY

Director, Native Nations Institute, University of Arizona, Tucson, USA

PROFESSOR LARISSA BEHRENDT

Director, Jumbunna Indigenous House of Learning, University of Technology, Sydney, New South Wales

PROFESSOR STEPHEN CORNELL

Director, Udall Centre for Studies in Public Policy, University of Arizona, Tucson, USA

MR PATRICK DODSON

Chairman, The Lingiari Foundation, Broome, Western Australia

MS AMANDA CATTERMOLLE

Director, Department of Indigenous Affairs, Perth, Western Australia

MR JOHN DALY

Deputy Chair, Northern Land Council, Darwin, Northern Territory

DR SIMON LONGSTAFF

Executive Director, St. James Ethics Centre, Sydney, New South Wales

MR DARRYL PEARCE

Chief Executive Officer, South West Aboriginal Land and Sea Council, Western Australia

MR DAVID ROSS

Director, Central Land Council, Alice Springs, Northern Territory

MR NEIL STERRITT

Managing Director, Sterritt Consulting Ltd, Hazelton, British Columbia, Canada

MS HELEN HAMBLING

Group Manager, Policy, Office of Indigenous Policy Coordination, Canberra, Australian Capital Territory

MR NEIL WESTBURY

Executive Director, Office of Indigenous Policy, Chief Minister's Department, Darwin, Northern Territory

MR PETER YU

Chair, Aboriginal Housing Infrastructure Council, Western Australia

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